

TOWN OF DEWEY BEACH

December 31, 2023

ACCOUNT SUMMARY

All Accounts

As of 12/31/2023

Accounts	Cash & Equivalents	Fixed Income	Large Cap U.S. Equities	Small/Mid Cap U.S. Equities	Global/ Developed International	Emerging Markets	Total
Town Of Dewey Beach, Delaware - General Fund (Short)	560,193 39.4%	862,899 60.6%	0	0	0	0	\$1,423,092 20.8%
Town Of Dewey Beach, Delaware - Beach Replenishment (Short)	81,363 39.6%	124,247 60.4%	0	0	0	0	\$205,611 3.0%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FI)	15,918 0.4%	3,632,127 99.6%	0	0	0	0	\$3,648,045 53.3%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)	27,238 2.9%	0	904,018 97.1%	0	0	0	\$931,257 13.6%
Town Of Dewey Beach, Delaware - Beach Replenishment (Long)	77,155 12.2%	0	0	202,535 32.0%	199,297 31.5%	153,335 24.2%	\$632,321 9.2%
Total	\$761,868 11.1%	\$4,619,274 67.5%	\$904,018 13.2%	\$202,535 3.0%	\$199,297 2.9%	\$153,335 2.2%	\$6,840,326 100.0%

PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

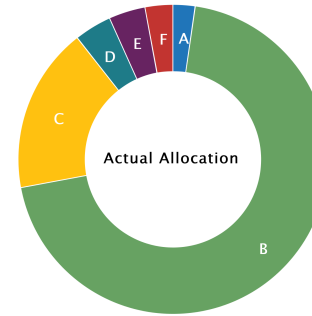
As of 12/31/2023

Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Cash & Equivalents	\$120,312	--	--	5.5	1.9
Fixed Income	\$3,632,127	1.1	-1.8	5.7	6.6
Bloomberg Intermediate Aggregate		1.2	-2.1	5.2	5.5
Equities	\$1,459,185	10.0	7.7	29.1	12.9
MSCI All Country World Net		8.6	5.8	22.2	11.0
TOTAL PORTFOLIO - GROSS	\$5,211,623	3.8	1.1	11.7	8.2
TOTAL PORTFOLIO - NET	\$5,211,623	3.4	0.8	11.3	8.1
*Blended Benchmark		3.2	0.1	9.3	6.8

Asset Allocation

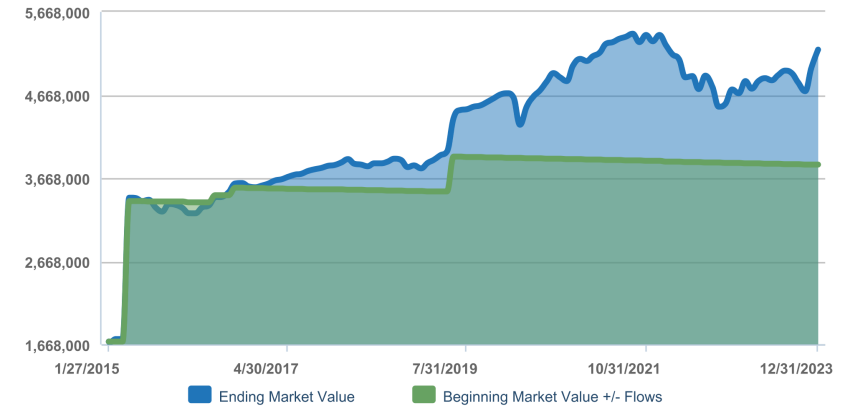


Asset Class	Weight	Target
A Cash & Equivalents	2.3%	3.0%
B Fixed Income	69.7%	72.0%
C Large Cap U.S. Equities	17.3%	15.0%
D Small/Mid Cap U.S. EQY	3.9%	3.5%
E Global/Developed Int'l	3.8%	3.5%
F Emerging Markets	2.9%	3.0%
Total	100.0%	100.0%

Change in Portfolio

	Inception to Date 01/27/2015	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Beginning Portfolio Value	1,699,751	5,101,982	4,684,995	4,820,724
Net Contributions / Withdrawals	2,130,129	-65,511	-21,566	-5,569
Market Value Gain / Loss	633,644	-94,117	436,005	361,419
Income and Capital Gains	748,099	269,269	112,189	35,049
Ending Market Value	\$5,211,623	\$5,211,623	\$5,211,623	\$5,211,623

Historical Market Value



All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.

*Blended Benchmark: 3% Merrill Lynch 0-3 Month US Treasury Bill Index, 72% Bloomberg Intermediate Aggregate, 25% MSCI ACWI
Performance for periods greater than one year are annualized.

PERFORMANCE SUMMARY

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 12/31/2023

	Market Value	Asset Weighting	Inception to Date 01/31/2015	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Cash & Equivalents	\$120,312	2.31%	--	--	5.5	1.9
Fixed Income	\$3,632,127	69.69%	1.1	-1.8	5.7	6.6
Bloomberg Intermediate Aggregate			1.2	-2.1	5.2	5.5
Equities	\$1,459,185	28.00%	10.0	7.7	29.1	12.9
MSCI All Country World Net			8.6	5.8	22.2	11.0
U.S. Equities	\$1,047,040	20.09%	12.8	10.3	33.9	14.0
S&P 500			12.3	10.0	26.3	11.7
Non-U.S. Equities	\$412,144	7.91%	4.2	1.8	18.4	10.2
MSCI ACWI ex-U.S. Net			4.8	1.6	15.6	9.8
TOTAL PORTFOLIO - GROSS	\$5,211,623	100.00%	3.8	1.1	11.7	8.2
TOTAL PORTFOLIO - NET	\$5,211,623	100.00%	3.4	0.8	11.3	8.1
*Blended Benchmark			3.2	0.1	9.3	6.8

All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.

All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.

*Blended Benchmark: 3% Merrill Lynch 0-3 Month US Treasury Bill Index, 72% Bloomberg Intermediate Aggregate, 25% MSCI ACWI

Performance for periods greater than one year are annualized.

PERFORMANCE DETAIL

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 12/31/2023

	Market Value	Asset Weighting	Investment Inception	Investment Inception to Date	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Fixed Income Taxable Funds							
Voya Intermediate Bond Fund	\$3,632,127	69.69%	09/30/2023	7.1	--	--	7.1
Bloomberg Aggregate				6.8	-3.3	5.5	6.8
Separately Managed Equity Portfolios							
Flexible Equity Portfolio	\$931,257	17.87%	01/31/2015	13.3	10.4	35.4	13.4
S&P 500				12.3	10.0	26.3	11.7
U.S. Small/Mid Cap Equity Funds							
Brown Advisory Sustainable Small-Cap Core Fund	\$202,535	3.89%	11/30/2021	-1.3	--	17.5	13.9
Russell 2000				-2.4	2.2	16.9	14.0
Global/Developed International Funds							
Brown Advisory Global Leaders Fund	\$199,297	3.82%	04/30/2020	13.8	5.9	26.2	14.6
MSCI All Country World Net				13.3	5.8	22.2	11.0
Emerging Markets Funds							
BA Emerging Markets Select Fund	\$153,335	2.94%	05/31/2019	5.8	-1.5	10.7	5.3
MSCI Emerging Markets Net				3.1	-5.1	9.8	7.9

All performance returns are gross of account-level management fees. However, mutual fund returns are net of fund expenses, and private equity and real estate are net of administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers. All performance returns exclude the value of unsupervised assets, but are inclusive of accrued interest. Performance for periods greater than one year are annualized.

HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Cash & Equivalents		77,155		77,155	12.2	0	4,018	5.2
CASH & EQUIVALENTS		77,155		77,155	100.0	0	4,018	5.2
First American Government Obligations Fund CI Z		77,155	0.00	77,155	100.0	0	4,018	5.2
US Equities		220,003		202,535	32.0	-17,468	0	0.0
EQUITY MUTUAL FUNDS		220,003		202,535	100.0	-17,468	0	0.0
Brown Advisory Sustainable Small-Cap Core Fund - CI Inst. - (bafyx)	21,075	220,003	9.61	202,535	100.0	-17,468	0	0.0
Non US Equities		250,181		352,631	55.8	102,450	2,832	0.8
INTERNATIONAL EQUITY MUTUAL FUNDS		250,181		352,631	100.0	102,450	2,832	0.8
Brown Advisory Emerging Markets Select Fund CI Inst - (bafqx)	14,211	117,985	10.79	153,335	43.5	35,350	1,818	1.2
Brown Advisory Global Leaders Fund CI Inst - (bafix)	8,438	132,196	23.62	199,297	56.5	67,101	1,014	0.5
Total Portfolio		\$547,339		\$632,321	100.0	\$84,983	\$6,850	

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HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FI)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Cash & Equivalents		15,918		15,918	0.4	0	829	5.2
CASH & EQUIVALENTS		15,918		15,918	100.0	0	829	5.2
First American Government Obligations Fund CI Z		15,918	0.00	15,918	100.0	0	829	5.2
Fixed Income		3,430,000		3,632,127	99.6	202,127	142,522	3.9
FIXED INCOME - TAXABLE		3,430,000		3,632,127	100.0	202,127	142,522	3.9
TAXABLE FIXED INCOME MUTUAL FUNDS		3,430,000		3,632,127	100.0	202,127	142,522	3.9
Voya Intermediate Bond Fund CI I - (iicix)	413,682	3,430,000	8.78	3,632,127	100.0	202,127	142,522	3.9
Total Portfolio		\$3,445,918		\$3,648,045	100.0	\$202,127	\$143,351	

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HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Cash & Equivalents		27,238		27,238	2.9	0	1,419	5.2
CASH & EQUIVALENTS		27,238		27,238	100.0	0	1,419	5.2
First American Government Obligations Fund CI Z		27,238	0.00	27,238	100.0	0	1,419	5.2
US Equities		384,612		904,018	97.1	519,407	7,062	0.8
COMMON STOCK		384,612		904,018	100.0	519,407	7,062	0.8
Communication Services		49,682		123,068	13.6	73,386	205	0.2
Netflix, Inc. - (nflx)	20	4,443	486.88	9,738	1.1	5,295	0	0.0
T-Mobile US, Inc. - (tmus)	79	9,914	160.33	12,666	1.4	2,752	205	1.6
Meta Platforms, Inc. - (meta)	101	12,397	353.96	35,750	4.0	23,353	0	0.0
Alphabet, Inc. Cl A - (googl)	173	4,544	139.69	24,166	2.7	19,622	0	0.0
Alphabet, Inc. Cl C - (goog)	230	5,993	140.93	32,414	3.6	26,421	0	0.0
Pinterest, Inc. - Cl A - (pins)	225	12,392	37.04	8,334	0.9	-4,058	0	0.0
Consumer Discretionary		52,875		97,929	10.8	45,055	416	0.4
Amazon.com, Inc. - (amzn)	210	20,576	151.94	31,907	3.5	11,331	0	0.0
Bright Horizons Family Solution, Inc. - (bfam)	89	9,850	94.24	8,387	0.9	-1,462	0	0.0
CarMax, Inc. - (kmx)	147	6,741	76.74	11,281	1.2	4,540	0	0.0
Lowe's Companies, Inc. - (low)	49	3,389	222.55	10,905	1.2	7,516	216	2.0
Booking Holdings, Inc. - (bkng)	6	6,071	3,547.22	21,283	2.4	15,212	0	0.0
TJX Companies, Inc. - (tjx)	151	6,248	93.81	14,165	1.6	7,918	201	1.4
Consumer Staples		10,316		11,136	1.2	820	0	0.0
Nomad Foods Ltd - (nomd)	657	10,316	16.95	11,136	1.2	820	0	0.0
Energy		19,302		27,571	3.0	8,269	1,079	3.9
Suncor Energy, Inc. - (su)	517	10,597	32.04	16,565	1.8	5,967	821	5.0
Baker Hughes Co - (bkr)	322	8,704	34.18	11,006	1.2	2,302	258	2.3
Financials		89,220		243,216	26.9	153,997	1,764	0.7
Ameriprise Financial, Inc. - (amp)	31	2,624	379.83	11,775	1.3	9,151	167	1.4
Bank of America Corp. - (bac)	556	10,142	33.67	18,721	2.1	8,578	534	2.9
Fiserv, Inc. - (fi)	106	11,051	132.84	14,081	1.6	3,030	0	0.0

HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Mastercard, Inc. - (ma)	103	8,495	426.51	43,931	4.9	35,435	235	0.5
Progressive Corp. - (pgr)	79	9,241	159.28	12,583	1.4	3,342	32	0.3
Blackstone Inc. - (bx)	74	2,991	130.92	9,688	1.1	6,697	138	1.4
Visa, Inc. - (v)	174	10,976	260.35	45,301	5.0	34,325	362	0.8
First Citizens BancShares, Inc. Cl A - (fcnca)	13	8,611	1,418.97	18,447	2.0	9,836	39	0.2
Berkshire Hathaway, Inc. Cl B - (brk.b)	102	14,566	356.66	36,379	4.0	21,814	0	0.0
KKR & Co., Inc - (kkf)	390	10,522	82.85	32,312	3.6	21,790	257	0.8
Health Care		66,557		118,607	13.1	52,050	1,022	0.9
Agilent Technologies, Inc. - (a)	103	9,722	139.03	14,320	1.6	4,598	97	0.7
Align Technology, Inc. - (algn)	48	9,641	274.00	13,152	1.5	3,511	0	0.0
Edwards Lifesciences Corp. - (ew)	254	6,351	76.25	19,368	2.1	13,017	0	0.0
UnitedHealth Group, Inc. - (unh)	60	12,795	526.47	31,588	3.5	18,794	451	1.4
Elevance Health, Inc. - (elv)	40	6,453	471.56	18,862	2.1	12,410	237	1.3
Merck & Co, Inc. - (mrk)	77	4,431	109.02	8,395	0.9	3,964	237	2.8
Avantor, Inc. - (avtr)	566	17,165	22.83	12,922	1.4	-4,243	0	0.0
Industrials		41,821		79,992	8.8	38,172	822	1.0
Canadian National Railway Co. - (cni)	86	6,545	125.63	10,804	1.2	4,259	198	1.8
General Electric Co. - (ge)	95	10,658	127.63	12,125	1.3	1,467	30	0.3
United Rentals, Inc. - (uri)	35	1,823	573.42	20,070	2.2	18,247	207	1.0
Uber Technologies, Inc. - (uber)	170	6,212	61.57	10,467	1.2	4,255	0	0.0
Carrier Global Corp. - (carr)	166	2,457	57.45	9,537	1.1	7,080	123	1.3
Ferguson PLC - (ferg)	88	14,125	193.07	16,990	1.9	2,865	264	1.6
Information Technology		46,996		191,337	21.2	144,340	1,603	0.8
Apple, Inc. - (aapl)	188	4,843	192.53	36,196	4.0	31,352	180	0.5
Accenture PLC - (acn)	38	3,299	350.91	13,335	1.5	10,035	196	1.5
Adobe, Inc. - (adbe)	26	7,710	596.60	15,512	1.7	7,801	0	0.0
Analog Devices, Inc. - (adi)	71	6,429	198.56	14,098	1.6	7,668	244	1.7
Intuit, Inc. - (intu)	37	8,658	625.03	23,126	2.6	14,468	133	0.6

HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Long) (FE)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Microsoft Corp. - (msft)	181	7,378	376.04	68,063	7.5	60,686	543	0.8
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR - (tsm)	202	8,679	104.00	21,008	2.3	12,329	306	1.5
Real Estate		7,843		11,162	1.2	3,319	150	1.3
SBA Communications Corp. - (sbac)	44	7,843	253.69	11,162	1.2	3,319	150	1.3
Total Portfolio		\$411,850		\$931,257	100.0	\$519,407	\$8,481	

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PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - Beach Replenishment (Short)

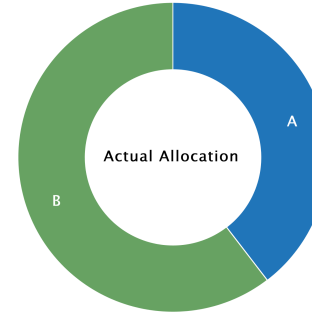
As of 12/31/2023

Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Cash & Equivalents	\$81,363	1.4	2.3	5.2	1.9
Fixed Income	\$124,247	--	--	5.7	6.6
TOTAL PORTFOLIO - GROSS	\$205,611	0.6	0.1	5.8	4.9
TOTAL PORTFOLIO - NET	\$205,611	0.4	0.0	5.8	4.9
Merrill Lynch 0-3 Month US Treasury Bill Index		1.4	2.2	5.1	1.4

Asset Allocation

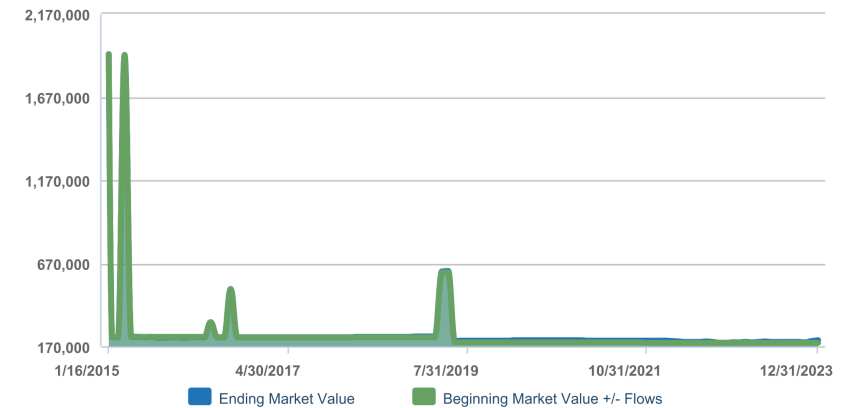


Asset Class	Weight	Target
A Cash & Equivalents	39.6%	40.0%
B Fixed Income	60.4%	60.0%
Total	100.0%	100.0%

Change in Portfolio

	Inception to Date 01/16/2015	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Beginning Portfolio Value	1,926,734	205,614	194,471	196,071
Net Contributions / Withdrawals	-1,734,297	-894	-160	-44
Market Value Gain / Loss	-19,162	-10,213	4,507	8,196
Income and Capital Gains	32,336	11,104	6,793	1,388
Ending Market Value	\$205,611	\$205,611	\$205,611	\$205,611

Historical Market Value



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HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - Beach Replenishment (Short)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Cash & Equivalents		80,416		81,363	39.6	948	74	5.2
CASH & EQUIVALENTS		1,415		1,415	1.7	0	74	5.2
First American Government Obligations Fund CI Z		1,415	0.00	1,415	1.7	0	74	5.2
FIXED INCOME - TAXABLE		79,000		79,948	98.3	948	0	5.2
TREASURY BILLS		79,000		79,948	98.3	948	0	5.2
US Treasuries		79,000		79,948	98.3	948	0	5.2
U.S. Treasury Bill - (912796CX5)	81,200	79,000	98.46	79,948	98.3	948	0	5.2
Fixed Income		117,000		124,247	60.4	7,247	4,875	3.9
FIXED INCOME - TAXABLE		117,000		124,247	100.0	7,247	4,875	3.9
TAXABLE FIXED INCOME MUTUAL FUNDS		117,000		124,247	100.0	7,247	4,875	3.9
Voya Intermediate Bond Fund CI I - (iicix)	14,151	117,000	8.78	124,247	100.0	7,247	4,875	3.9
Total Portfolio		\$197,416		\$205,611	100.0	\$8,195	\$4,949	

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PORTFOLIO OVERVIEW

Group: Town Of Dewey Beach, Delaware - General Fund (Short)

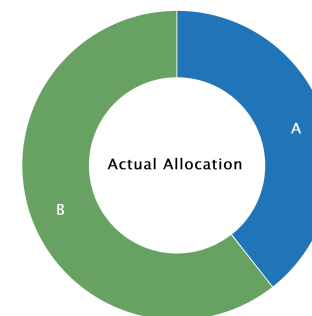
As of 12/31/2023

Performance History

Performance Inception Date: 01/31/2015

	Market Value	Inception to Date	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Cash & Equivalents	\$560,193	1.4	2.3	5.3	2.0
Fixed Income	\$862,899	--	--	7.5	8.4
TOTAL PORTFOLIO - GROSS	\$1,423,092	0.8	0.5	6.9	5.9
TOTAL PORTFOLIO - NET	\$1,423,092	0.6	0.4	6.8	5.9
Merrill Lynch 0-3 Month US Treasury Bill Index		1.4	2.2	5.1	1.4

Asset Allocation

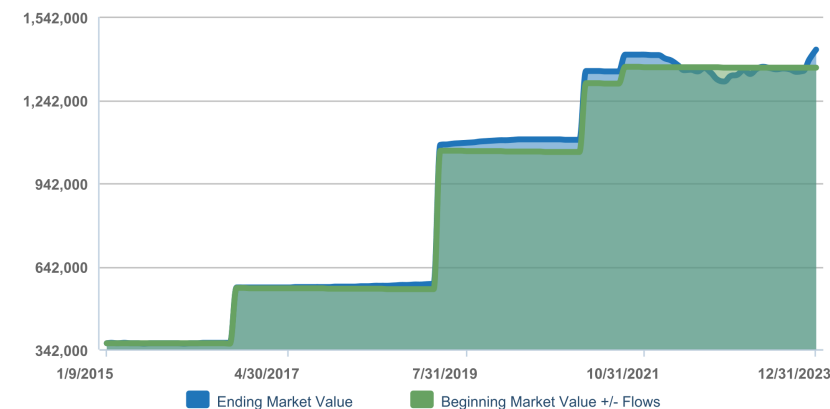


Asset Class	Weight	Target
A Cash & Equivalents	39.4%	40.0%
B Fixed Income	60.6%	60.0%
Total	100.0%	100.0%

Change in Portfolio

	Inception to Date 01/09/2015	Trailing 3 Years	Trailing 12 Months	Quarter to Date
Beginning Portfolio Value	364,182	1,098,182	1,332,721	1,343,795
Net Contributions / Withdrawals	993,719	304,038	-1,112	-302
Market Value Gain / Loss	-63,950	-55,888	44,115	69,363
Income and Capital Gains	129,141	76,760	47,368	10,236
Ending Market Value	\$1,423,092	\$1,423,092	\$1,423,092	\$1,423,092

Historical Market Value



All asset class and sub-category performance returns are gross of account-level management fees, but net of mutual fund expenses and private equity and real estate administrative fees. Investment performance is updated multiple times each month as new information is received. Because of this, returns may vary from previously reported numbers.
All performance and market values shown exclude the value of unsupervised assets, but are inclusive of accrued interest.
Performance for periods greater than one year are annualized.

HOLDINGS SUMMARY

Town Of Dewey Beach, Delaware - General Fund (Short)

As of 12/31/2023

Security	Quantity	Total Cost	Price (As of Date)	Market Value	Categ.	Unrealized Gain/Loss	Annual Income	Yield
Cash & Equivalents		553,729		560,193	39.4	6,464	819	5.2
CASH & EQUIVALENTS		15,719		15,719	2.8	0	819	5.2
First American Government Obligations Fund CI Z		15,719	0.00	15,719	2.8	0	819	5.2
FIXED INCOME - TAXABLE		538,010		544,474	97.2	6,464	0	5.2
TREASURY BILLS		538,010		544,474	97.2	6,464	0	5.2
US Treasuries		538,010		544,474	97.2	6,464	0	5.2
U.S. Treasury Bill - (912796CX5)	553,000	538,010	98.46	544,474	97.2	6,464	0	5.2
Fixed Income		800,000		862,899	60.6	62,899	33,859	3.9
FIXED INCOME - TAXABLE		800,000		862,899	100.0	62,899	33,859	3.9
TAXABLE FIXED INCOME MUTUAL FUNDS		800,000		862,899	100.0	62,899	33,859	3.9
Voya Intermediate Bond Fund CI I - (iicix)	98,280	800,000	8.78	862,899	100.0	62,899	33,859	3.9
Total Portfolio		\$1,353,729		\$1,423,092	100.0	\$69,363	\$34,678	

The data contained herein is for informational purposes only and has been prepared from sources believed reliable but not guaranteed by us as to timeliness or accuracy. This information is not a complete summary or statement of all available data, and is not intended to be a suggestion or recommendation to engage in or refrain from a particular course of action. Please compare the investment information included in this report with the information you receive from your custodian and call your custodian or investment manager if you have questions or if there are any discrepancies.



Economic and Market Overview

GLOBAL MARKETS REWIND

As of December 31, 2023

Trailing 2-Year Returns Across Major Indexes



Key Market Dynamics:

- The Federal Reserve adopted a more dovish tone to monetary policy due to ongoing signs of disinflation and a slowing labor market.
- Markets are now expecting several interest rate cuts in 2024, fueling a rally in both stocks and bonds during the fourth quarter.
- Yet the risk of monetary policy missteps remains high. Cutting interest rates too early may result in persistent inflation, while keeping rates too high could lead to a recession.

Index Total Returns* by Asset Class	Quarter-to-Date	2023	Trailing 2-Year	Trailing 5-Year	Trailing 10-Year
Municipal Bonds (Bloomberg Municipal 1–10 Year Blend Index)	5.5%	4.6%	-0.2%	2.0%	2.2%
Investment-Grade Bonds (Bloomberg U.S. Aggregate Bond Index)	6.8%	5.5%	-4.2%	1.1%	1.8%
High-Yield Bonds (Bloomberg U.S. Corporate High Yield Index)	7.2%	13.4%	0.4%	5.4%	4.6%
U.S. Large-Cap Equities (S&P 500® Index)	11.7%	26.3%	1.7%	15.7%	12.0%
U.S. Small-Cap Equities (Russell 2000® Index)	14.0%	16.9%	-3.6%	9.9%	7.1%
Developed Non-U.S. Equities (MSCI EAFE Net Total Return Index)	10.4%	18.2%	0.6%	8.2%	4.3%
Emerging Market Equities (MSCI EM Net Total Return Index)	7.9%	9.8%	-6.3%	3.7%	2.7%
Commodities (Bloomberg Commodity Total Return Index)	-4.6%	-7.9%	3.4%	7.2%	-1.1%

Source: Bloomberg. *Total returns greater than one year are reported as annualized returns.

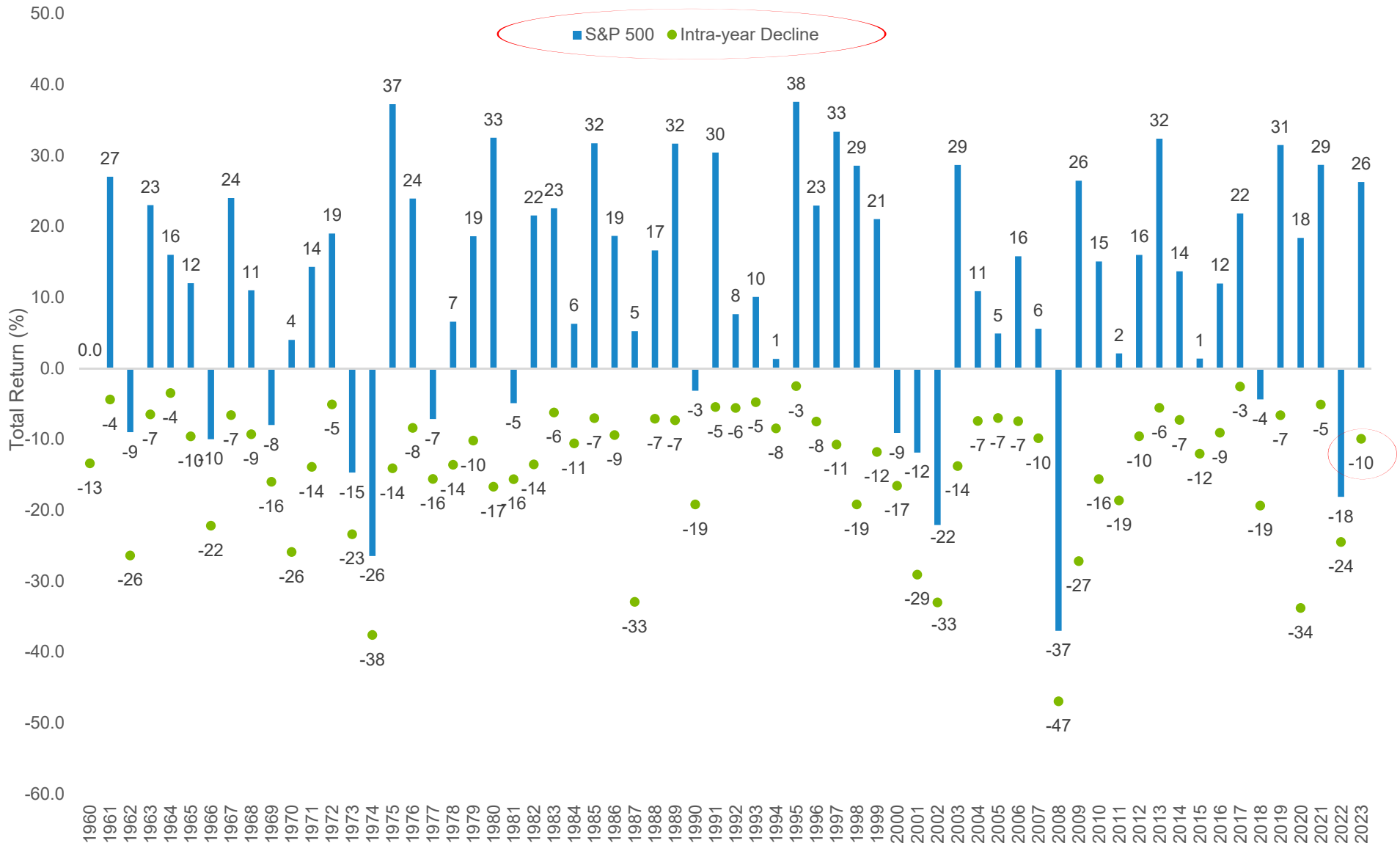
Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information and a complete list of terms and definitions.

ANNUAL RETURNS AND INTRA-YEAR DECLINES

As of December 31, 2023

U.S. markets produced positive returns in 50 of the past 64 years despite intra-year drawdowns.

S&P 500® Index Total Returns, 1960–2023



Source: Bloomberg. Please see the end of this presentation for important disclosures and a complete list of terms and definitions.

ECONOMY PRESENTING MIXED SIGNALS AS FED SEEKS RARE SOFT LANDING

As of December 31, 2023

Economic crosswinds have made for a **confusing outlook**. While the labor market and consumer balance sheets remain strong, the **picture among businesses – particularly in real estate and regional banking – look far less rosy and most leading indicators look precarious**. Additionally, inflation, while elevated throughout 2023, fell in-line with the Federal Reserve’s target in the second half of the year.

The key indicators we consistently monitor are unusually divergent making for an especially uncertain outlook.

Economic Indicators shown with most recent data relative to history 12/31/2003-12/31/2023

Signs of Strength

	Current Level	20-Year Median	Percentile ¹
Unemployment Rate	3.7%	5.4%	91
Labor Force Participation (age 25-54)	83.3%	82.2%	96
GDP Growth ²	2.9%	2.2%	67
Household Debt to Disposable Income	97.3%	109.0%	94
Inflation (core PCE) – Last 6 Months (run rate)	1.9%	1.8%	39

Signs of Weakness

	Current	20-Year Median	Percentile ¹
Business Sentiment ³	49.7	54.5	10
Home Sales (mm) ⁴	4.8	5.9	6
Bank Lending ⁵	-37.3%	4.8%	14
Leading Economic Indicators ⁶	-7.6%	2.6%	11
Inflation (core PCE) – Last 12 Months	3.5%	1.8%	12

Source: Bloomberg, BEA, BLS, Federal Reserve, Notes:

1 – Percentile ranking is ordered from best (highest percentile) to worst (lowest percentile)

2 – GDP Growth measured as year-over-year growth

3 – Business sentiment is average of ISM Manufacturing and Service PMI

4 – Home Sales is cumulative 12-month existing and new home sales

5 – Bank Lending is from Federal Reserve Survey measured as percentage of banks easing lending standard minus percentage of banks tightening standards

6 – Leading Economic Indicators refers to the year-over-year change in the Conference Board’s Composite of 10 Leading Economic Indicators

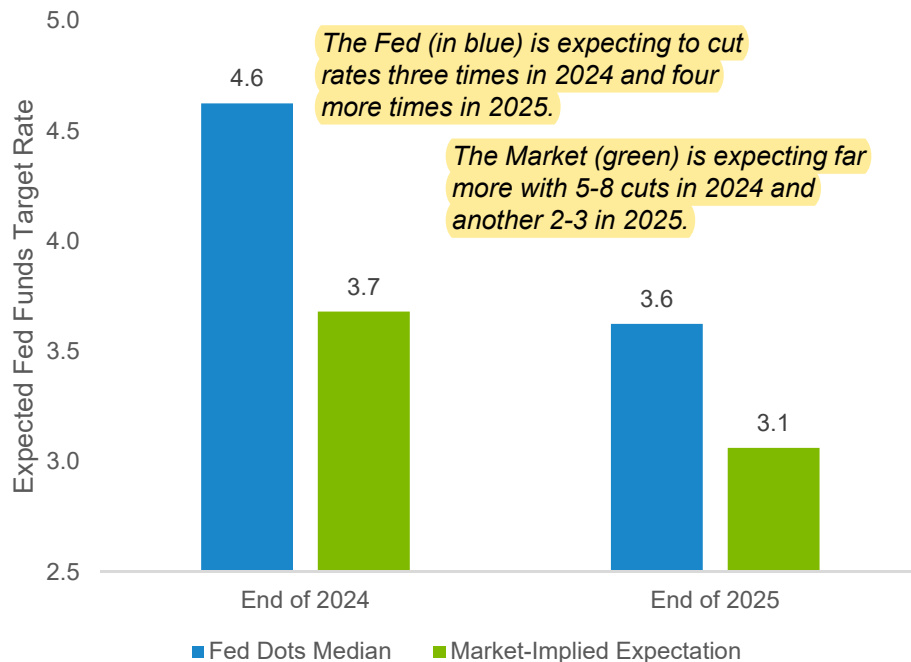
FED EXPECTED TO PIVOT IN 2024 BUT MARKET EXPECTATIONS ARE AHEAD OF FED

As of December 31, 2023

There is broad consensus that the Fed has ended its interest rate hiking cycle but what comes next is far less clear. Most members of the Federal Reserve (all but two) expect some rate cuts in 2024 and 2025. However, the market is expecting far more easing, pricing in a 1.5-2% decline in Fed Fund rates in 2024.

The Fed expects to pivot in 2024 but the market is expecting far more support than the Fed is currently signaling.

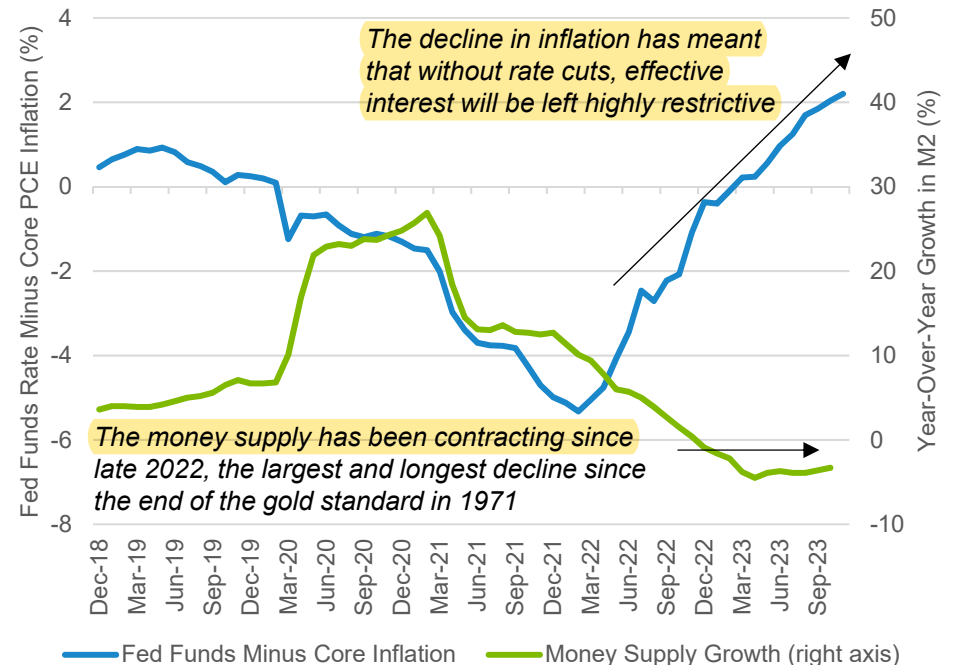
Expectations for Fed Funds Target Rates in 12/31/2024 & 12/31/2025



Source: Bloomberg using average of Fed funds futures and OIS as “market-implied expectation”

The fall in inflation has raised effective interest rates, as shown by the money supply, creating room for the Fed to cut rates.

Fed Funds Rate Minus Core PCE and M2 Money Supply growth – 12/31/2018-12/31/2023



Source: Federal Reserve using M2 as measure of Money Supply

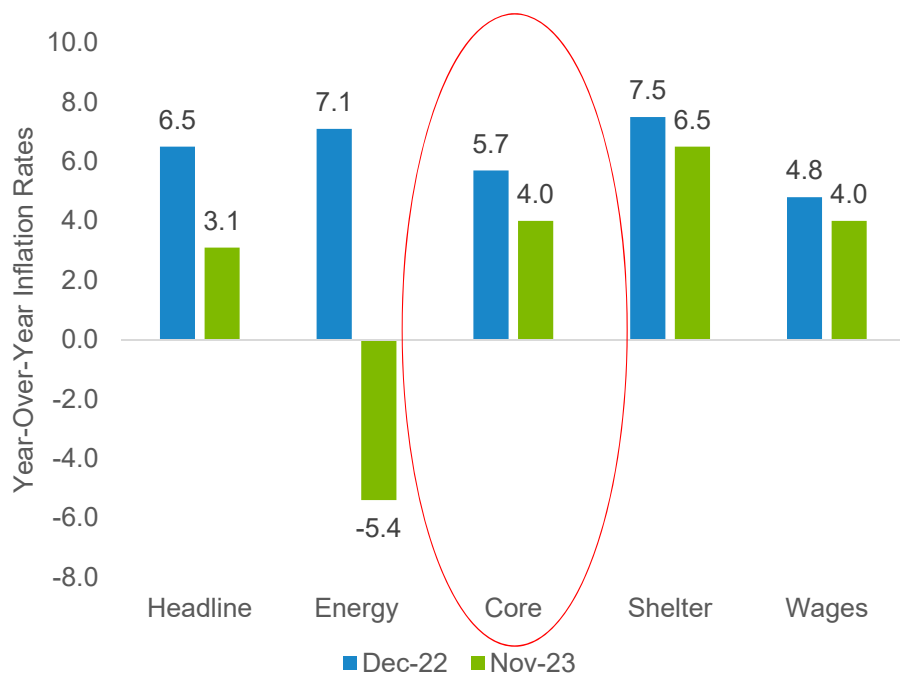
INFLATIONARY PRESSURES RECEDING BUT STILL SHORT OF THE FED'S GOAL

As of December 31, 2023

Inflation has fallen across nearly all categories but the large decline in overall inflation is disproportionately driven by a major drop in energy prices. Shelter prices have remained sticky, preventing a larger decline in core inflation, but leading indicators on shelter costs, such as rental prices, have softened making it likely that core inflation continues to decline.

Inflation has improved broadly but core inflation remains well above the Fed's target of 2%.

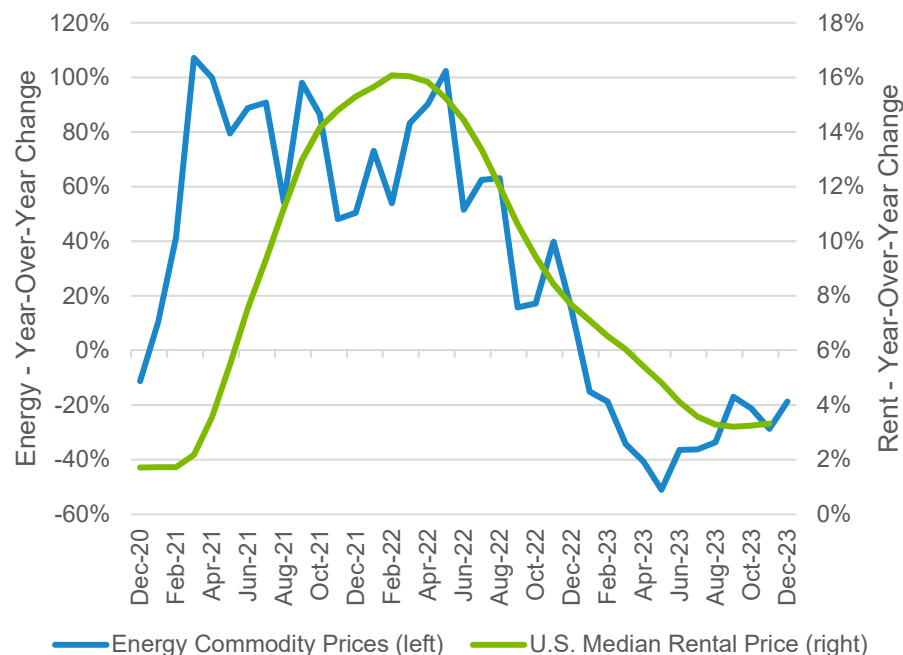
Headline and sub-components of CPI and Avg. Hourly Earnings – 12/31/22 & 11/30/23



Source: BEA (for Personal Consumption Expenditures and Disposable Income), Conference Board (for Consumer Confidence)

Falling energy commodity prices have dampened inflation and moderating rental prices bode well for shelter costs in 2024.

Bloomberg Energy Comdty. Index & U.S. Zillow Rent Index (all homes), 12/31/20-12/31/23



Source: Bloomberg

THE DROP IN INTEREST RATES SPARKED A WIDE-SPREAD RALLY IN FIXED INCOME MARKETS

As of December 31, 2023

On the back of the Federal Reserve’s dovish pivot and market expectations of policy rate cuts in 2024, interest rates dropped meaningfully during the fourth quarter. However, despite these moves, interest rates remain above where they have been for most of the last 15 years. We believe this likely represents a secular shift away from ultra-low rates.

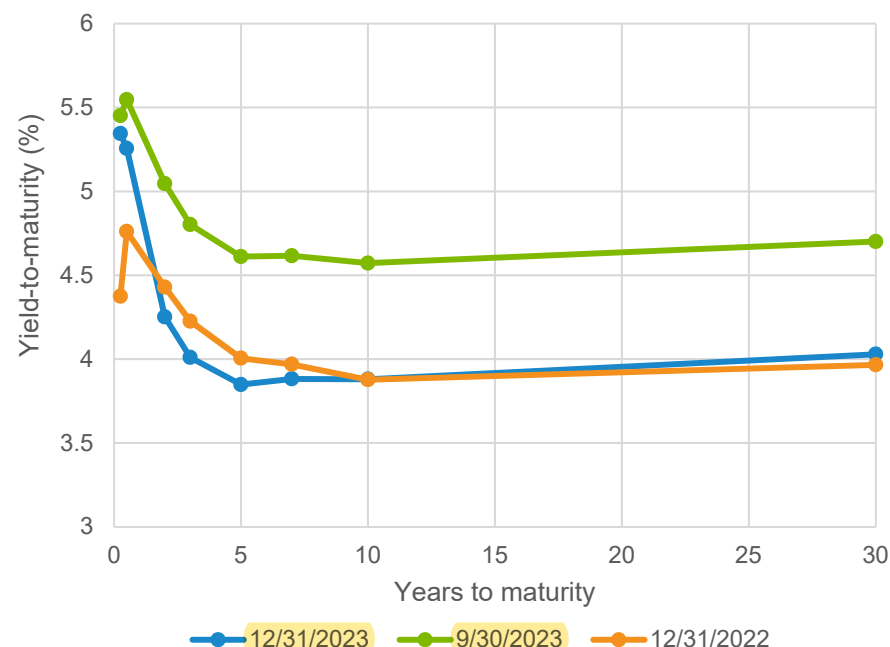
The sharp drop in interest rates sparked a broad-based rally in fixed income markets, with quality credit leading.

Returns, Yield and Duration across Fixed Income Segments, as of 12/31/2023

Fixed Income Segment	QTD Return	YTD Return	Yield-to-worst	Duration (Years)
U.S. Aggregate	6.5%	5.2%	4.5%	6.2
Municipal Bonds*	7.8%	6.3%	5.4%	6.0
IG Corp. Credit	8.0%	8.0%	5.1%	7.1
High Yield	6.9%	13.1%	7.6%	3.1
Agency MBS	7.2%	4.8%	4.7%	5.9
IG CMBS	4.9%	5.0%	5.4%	4.3
IG ABS	3.3%	5.3%	5.0%	2.7
T-Bills	1.3%	5.1%	5.3%	0.1
Treasuries	5.3%	3.7%	4.1%	6.1

Interest rates dropped sharply during the fourth quarter but ended near where they started the year.

Treasury Yield Curve (%) as of various dates, as of 12/31/2023



Source: Bloomberg, *Municipal bonds using tax-equivalent yield and assuming max federal tax rate of 40.8%. U.S. Aggregate using Bloomberg U.S. Aggregate Bond Index, Municipal Bonds using Bloomberg Municipal Bond Index, IG Corp. Credit using Bloomberg U.S. Corporate Index, High Yield using Bloomberg U.S. Corporate High Yield Index, Agency MBS using Bloomberg U.S. MBS Index, IG CMBS using Bloomberg CMBS Investment Grade Index, IG ABS using Bloomberg U.S. Aggregate ABS Index, T-Bills using ICE BofA U.S. 3-Month Treasury Bill Index, Treasuries using Bloomberg U.S. Treasury Index.

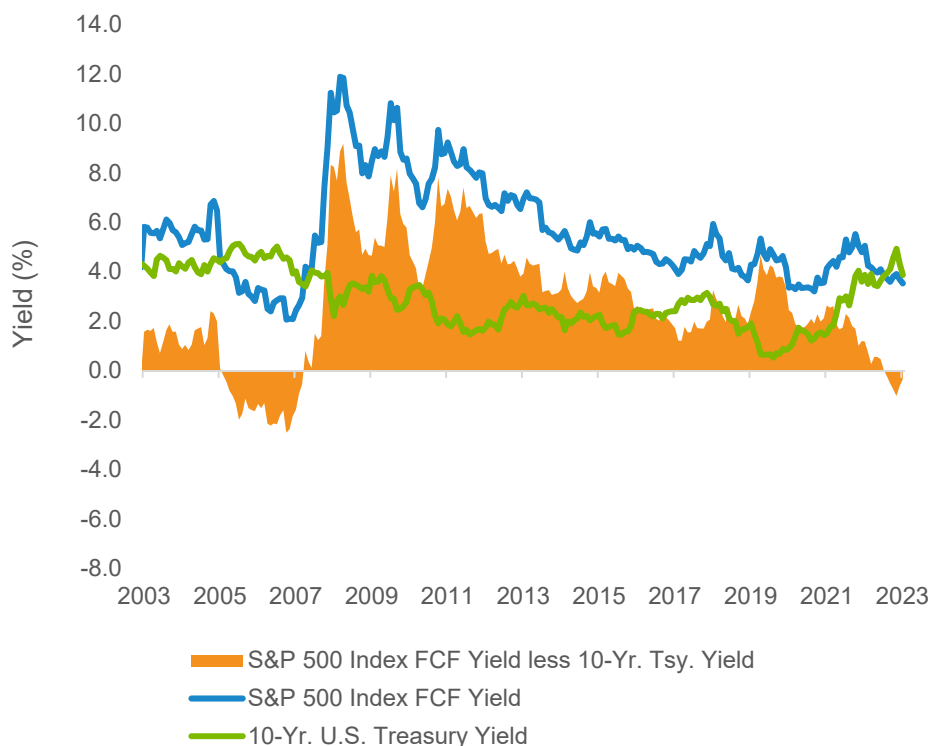
EQUITY RISK PREMIUM REMAINS LESS COMPELLING

As of December 31, 2023

Despite the sharp decline in interest rates during the fourth quarter, the equity risk premium remains low compared to historical levels. This dynamic puts pressure on robust earnings growth without which equities are likely to underwhelm relative to bonds.

Equity risk premium continues to compress, with equity markets trading at less attractive valuations.

S&P 500 Index FCF Yield and 10-Year Treasury Yield, 12/31/2003 – 12/31/2023



Source: Bloomberg. FCF Yield stands for free cash flow yield and measures the Index's free cash flow divided by the Index's price.

Note: All commentary is as of 12/31/2023 unless otherwise noted. Forecasted returns are based on Brown Advisory's 10-year forecasted capital market assumptions and the indicated target allocations to each respective asset class. These assumptions are based on the indices for those asset classes. Forecasted returns assume re-investment of dividends and daily re-balancing back to the stated target allocation. Additional information about the performance calculations is available upon request. The investment results stated on this page are for illustrative purposes only. Please see the end of this presentation for important disclosures.

The equity return premium over bonds has narrowed recently due to higher starting yields in core fixed income.

Historical and Forward Equity Return Premium, 12/31/1922 – 12/31/2023

Compound Annualized Growth Rates	U.S. Large-Cap Equities (A)	Core Fixed Income (B)	Return Differential (A minus B)
Historical Return (1922 – 2023)	10.6%	5.0%	+5.6%
Trailing 10-Year Returns (2013 – 2023)	12.0%	1.8%	+10.2%
Current Return Estimate (as of 12/31/2023)	6.0%	5.1%	+0.9%

Source: Bloomberg, Brown Advisory Analysis using S&P 500 Index for U.S. Large-Cap Equities and Bloomberg U.S. Aggregate Bond Index for Core Fixed Income.

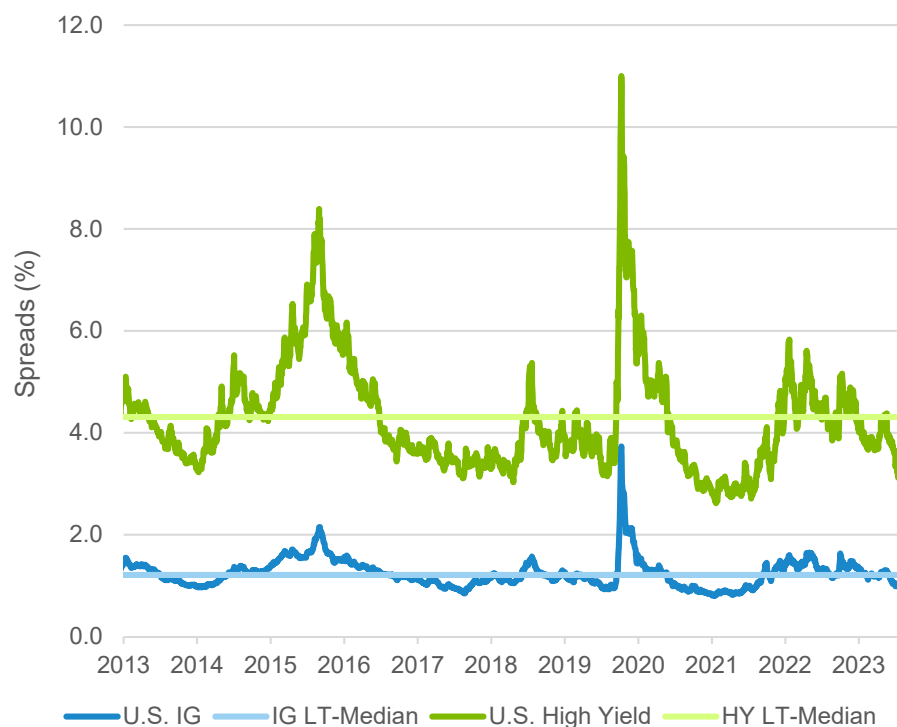
CORPORATE CREDIT SPREADS HAVE FALLEN BUT ABSOLUTE YIELDS PROVIDE REASONABLE VALUE

As of December 31, 2023

Credit spreads have dropped in response to the Federal Reserve’s shifting stance to monetary policy and signs that the economy has been buoyant. While spreads are below historical averages, we believe absolute levels of yield still provide some value for active managers in credit.

High-yield and investment-grade credit spreads have compressed and are now below long-term medians...

Bloomberg Corporate Credit Spreads, 12/31/2013 – 12/31/2023



Source: Bloomberg, U.S. IG using Bloomberg U.S. Corporate Index and U.S. High Yield using Bloomberg U.S. Corporate High Yield Index.

Note: All commentary is as of 12/31/2023 unless otherwise noted. Forecasted returns are based on Brown Advisory’s 10-year forecasted capital market assumptions and the indicated target allocations to each respective asset class. These assumptions are based on the indices for those asset classes. Forecasted returns assume re-investment of dividends and daily re-balancing back to the stated target allocation. Additional information about the performance calculations is available upon request. The investment results stated on this page are for illustrative purposes only. Please see the end of this presentation for important disclosures.

...yet relative to equities, the risk-return profile of credit looks attractive considering drawdown risk scenarios.

Return and Risk Characteristics, U.S. Equities vs. High Yield, 12/31/2023

Statistics	U.S. Large-Cap	High-Yield Corp. Credit	Investment-Grade Corp. Credit
Current Spread*	-0.3%	3.2%	1.0%
20-Year Median Spread*	2.5%	4.3%	1.3%
CY 2008 Total Return	-37.0%	-26.2%	-4.9%
Current Return Est. as of 12/31/23	6.0%	5.9%	5.1%

Source: Bloomberg, Brown Advisory Analysis. *Using Free-Cash-Flow yield less 10-year treasury yield for U.S. Large-Cap and option-adjusted spreads for High-Yield and Investment Grade. U.S. Large-cap using S&P 500 Index, High-Yield Corp. Credit using Bloomberg U.S. Corporate High Yield Index and Investment-Grade Corp. Credit using Bloomberg U.S. Corporate Index.

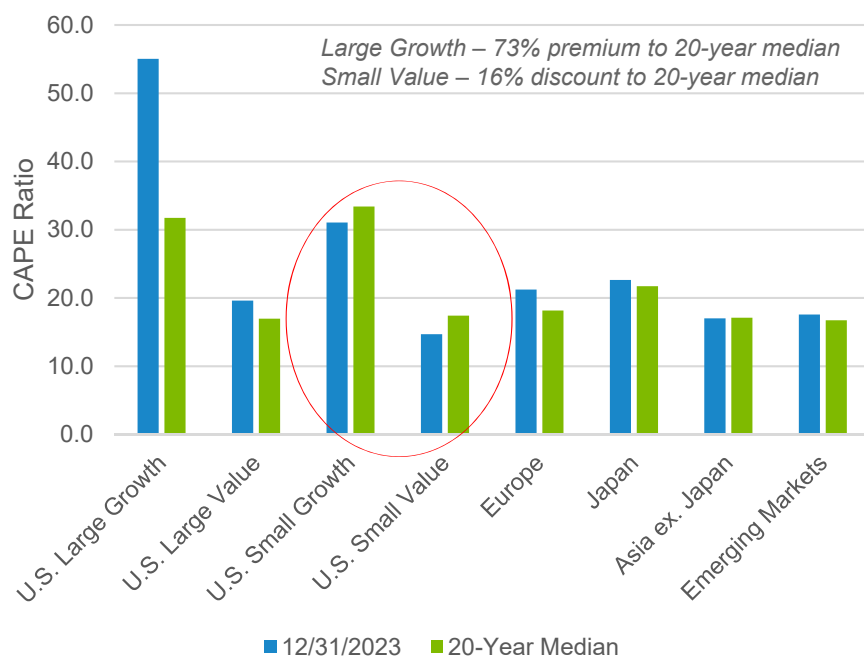
GENERAL EQUITY MARKET STATS

As of December 31, 2023

In response to declining inflation data, the Fed reinforced investor expectations of a pivot in 2024 toward cutting interest rates. This set off a broad equity market rally that continued through November and December. US markets led the rest of the world given positive economic data and the improved domestic outlook from lower interest rates. Economically sensitive assets, such as small cap, and longer duration assets, such as growth companies, performed the best.

U.S. large-cap growth continues to look expensive relative to history, while small-caps remain more modestly valued.

CAPE Ratios across Market Segments, 9/30/2003 – 12/31/2023



Small-cap may benefit most if lower rates improve growth given their earnings expectations are more conservative.

Equity segment characteristics as of 12/31/2023

Equity Segment	QTD Return	YTD Return	CAPE Ratio	YTD Earnings Revision
U.S. Large Growth	14.2%	42.7%	55.0	13.4%
U.S. Large Value	9.5%	11.4%	19.6	1.8%
U.S. Small Growth	12.7%	18.6%	31.1	-11.2%
U.S. Small Value	15.2%	14.6%	14.7	4.3%
Europe	11.1%	19.9%	21.2	6.6%
Japan	8.2%	20.3%	22.6	2.9%
Asia ex. Japan	6.4%	6.0%	17.0	2.9%
Emerging Markets	7.9%	9.8%	17.6	2.7%

Source: Bloomberg, U.S. Large Growth using Russell 1000® Growth Index, U.S. Large Value using Russell 1000® Value Index, U.S. Small Growth using Russell 2000® Growth Index, U.S. Small Value using Russell 2000® Value Index, Europe using MSCI Europe USD Total Return Index, Japan using MSCI Japan USD Total Return Index, Asia ex. Japan using MSCI Asia ex. Japan USD Total Return Index, and Emerging Markets using MSCI Emerging Markets Net USD Total Return Index.

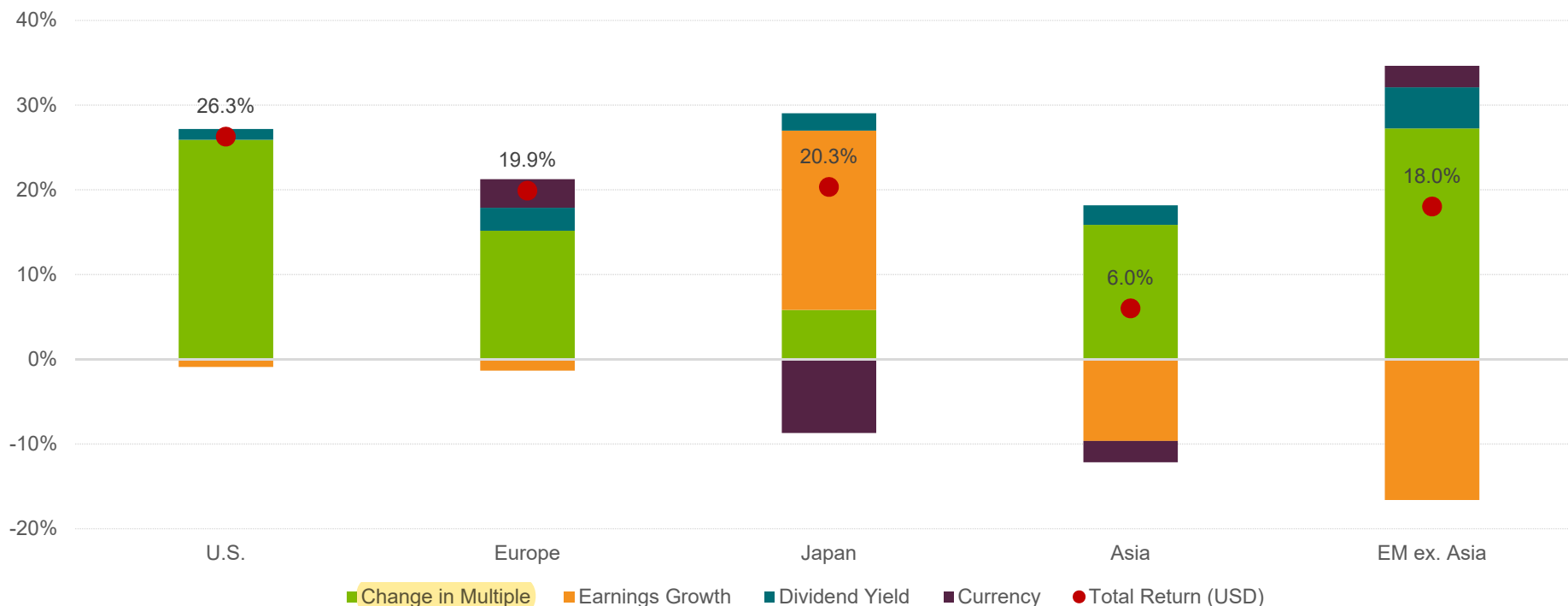
CALENDAR YEAR BREAKDOWN OF EQUITY RETURNS

As of December 31, 2023

US markets, led by the Magnificent 7, outperformed the rest of the world. Japan's push to advocate for shareholder-friendly policies have started the groundwork for what could be a long tailwind of opportunity in the country. EM, Asia and Europe were all supported by multiple expansion, but underlying earnings growth remains somewhat challenged. However, this dynamic may create interesting value opportunities beyond the U.S.

Multiple expansion continued to be a driver of returns for the year, while earnings growth has largely been mixed.

Estimated Composition of Total Returns across Various Markets as of 12/31/2023



Source: Bloomberg; U.S. - S&P 500® Index; Europe - MSCI Europe USD Total Return Index; Japan - MSCI Japan USD Total Return Index; Asia - MSCI AC Asia ex Japan USD Total Return Index; EM ex. Asia - MSCI Emerging Markets Excluding Asia Index.

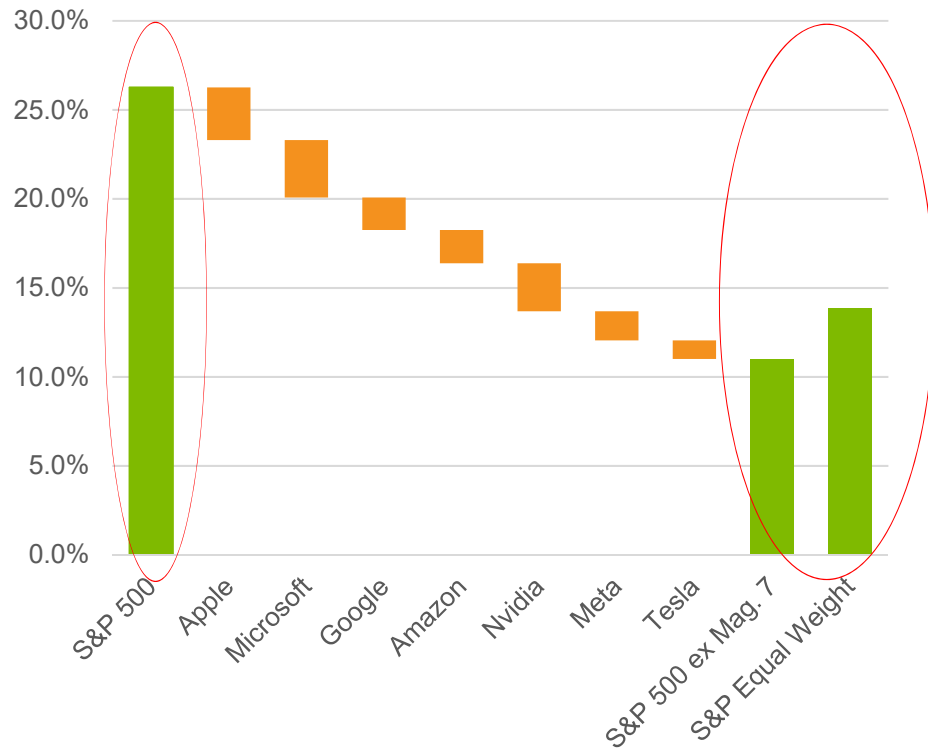
MAJOR EFFECT OF THE MAGNIFICENT 7

As of December 31, 2023

The Magnificent 7, driven by strong earnings growth and competitive positioning in generative A.I., were significant contributors to the market's overall success. These names were among the highest performing companies this year and are now larger in the MSCI ACWI Index than the next 5 countries.

The Magnificent Seven accounted for nearly 70% of the S&P 500's total return in 2023, with the rest of the Index falling behind.

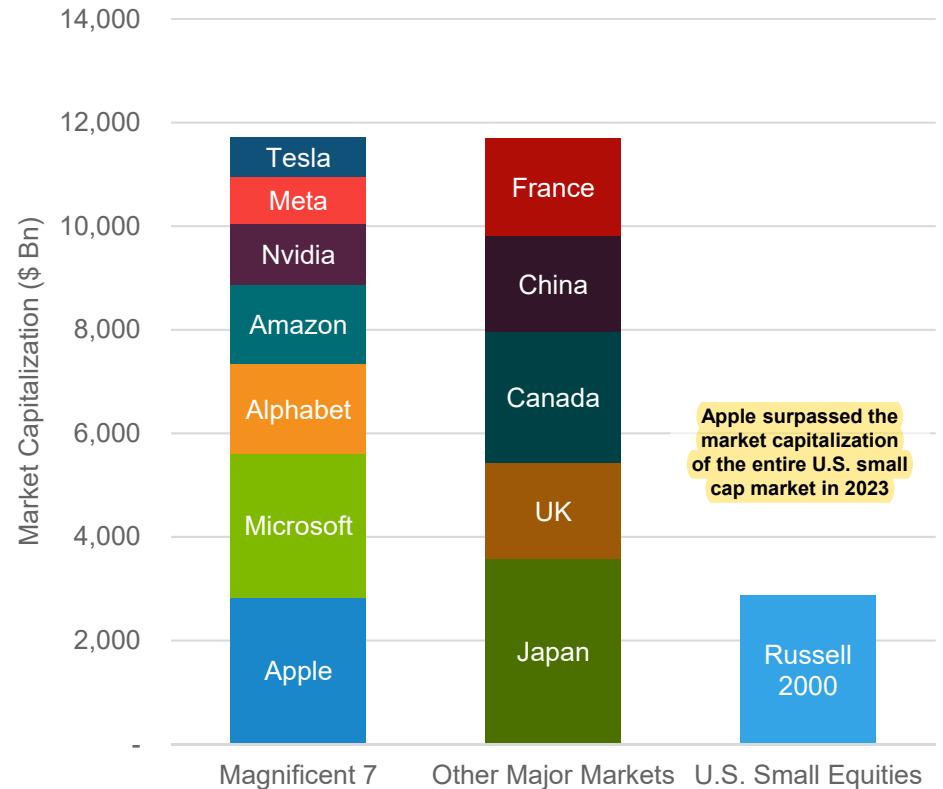
Total return of S&P 500 and S&P 500 equal weight Indexes, contributions of Magnificent 7



Source: Bloomberg

The combined weight of the Magnificent 7 is now larger than the next five largest countries by market capitalization in the MSCI ACWI Index.

Magnificent 7 Market Cap vs. Top Countries ex US Market Cap and U.S. Small-Cap Index



Apple surpassed the market capitalization of the entire U.S. small cap market in 2023

Source: Bloomberg

Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information

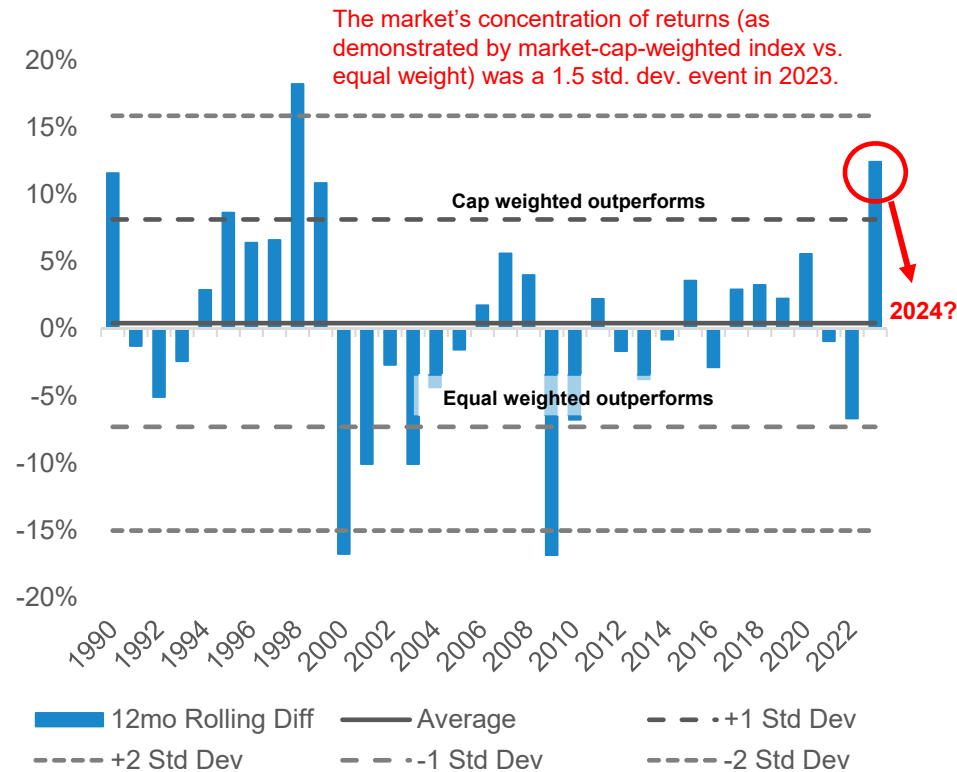
HISTORY ARGUES FOR MAINTAINING SOME BALANCE IN EQUITY ALLOCATIONS

As of December 31, 2023

In 2023, the concentration of strong performance within several of the U.S.'s largest capitalization companies left most other markets behind. History suggests such strong performance by such a small number of companies is unlikely to continue uninterrupted. Should this mean-revert, diversification in equity portfolios will be rewarded as well as improve chances for active management that is untethered to market capitalization.

Performance of cap weighted indices tends to mean revert versus the broad market, especially after significant swings.

Calendar Year Relative Performance of S&P 500 vs. S&P 500 Equal Weighted Index



Source: Bloomberg, LP

In 2023, small cap lagged large cap weighted indices, but small company expectations became relatively more conservative.

2023 Performance, Earnings, and Valuation Multiples

	S&P 500 Index	Russell 2000 Index
2023 Total Return	26.3%	16.9%
2023 P/E Multiple Expansion	25.7%	35.6%
2023 % Change in Forward Earnings Estimate	-1.1%	-15.1%

The reduction in earnings estimates appeared to price in more economic risk than large-cap

Source: Bloomberg, LP

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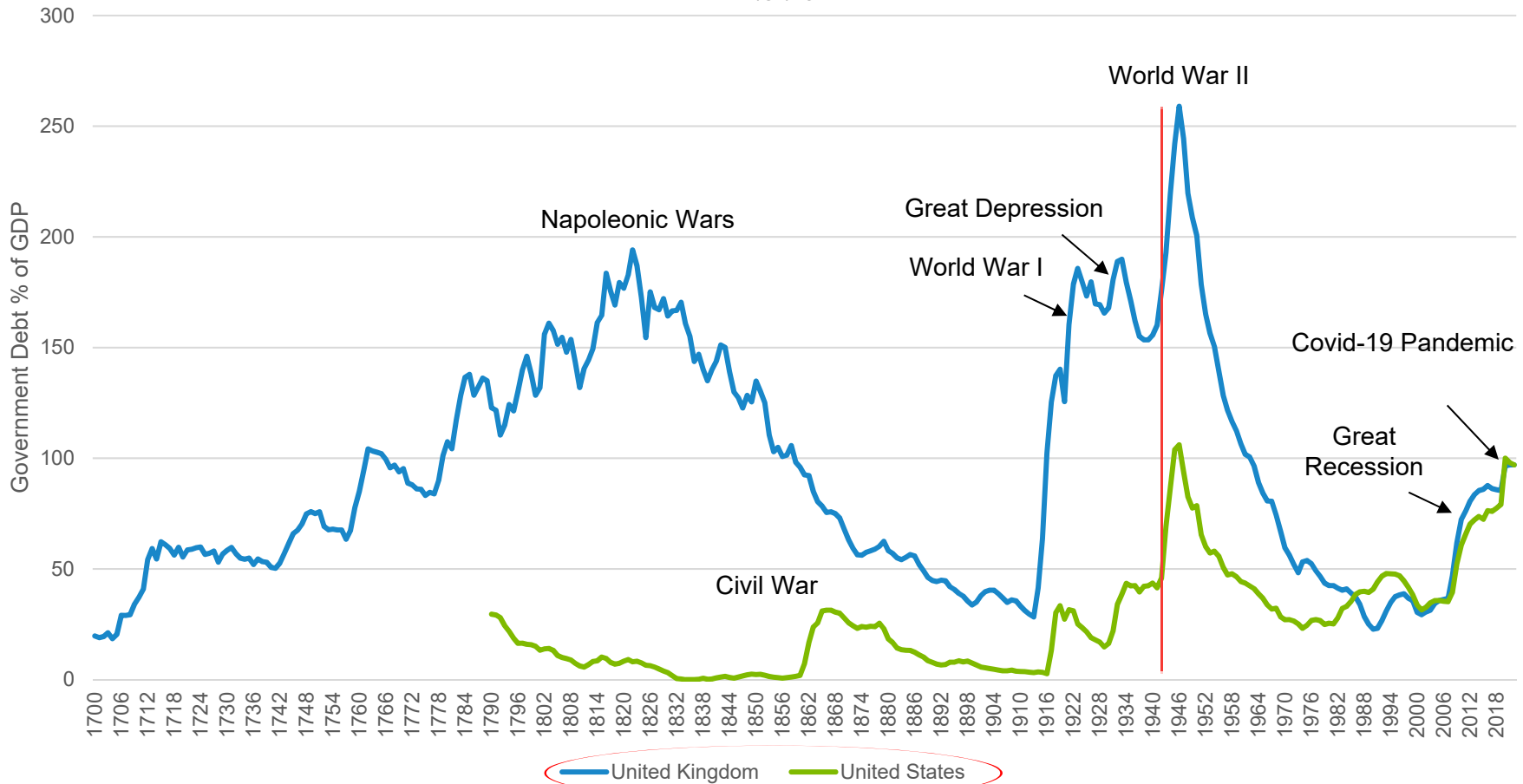
PUTTING DEBT LEVELS IN HISTORICAL CONTEXT

As of December 31, 2023

While debt levels in the US, UK and elsewhere are high by historical standards, they are not unprecedented. But some combination of growth, taxation and austerity will likely be needed to pause or reverse these levels of growth.

Government Debt Levels since 1700

As of 12/31/2022



Source: Bank of England, Federal Reserve Economic Data, Congressional Budget Office

Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information

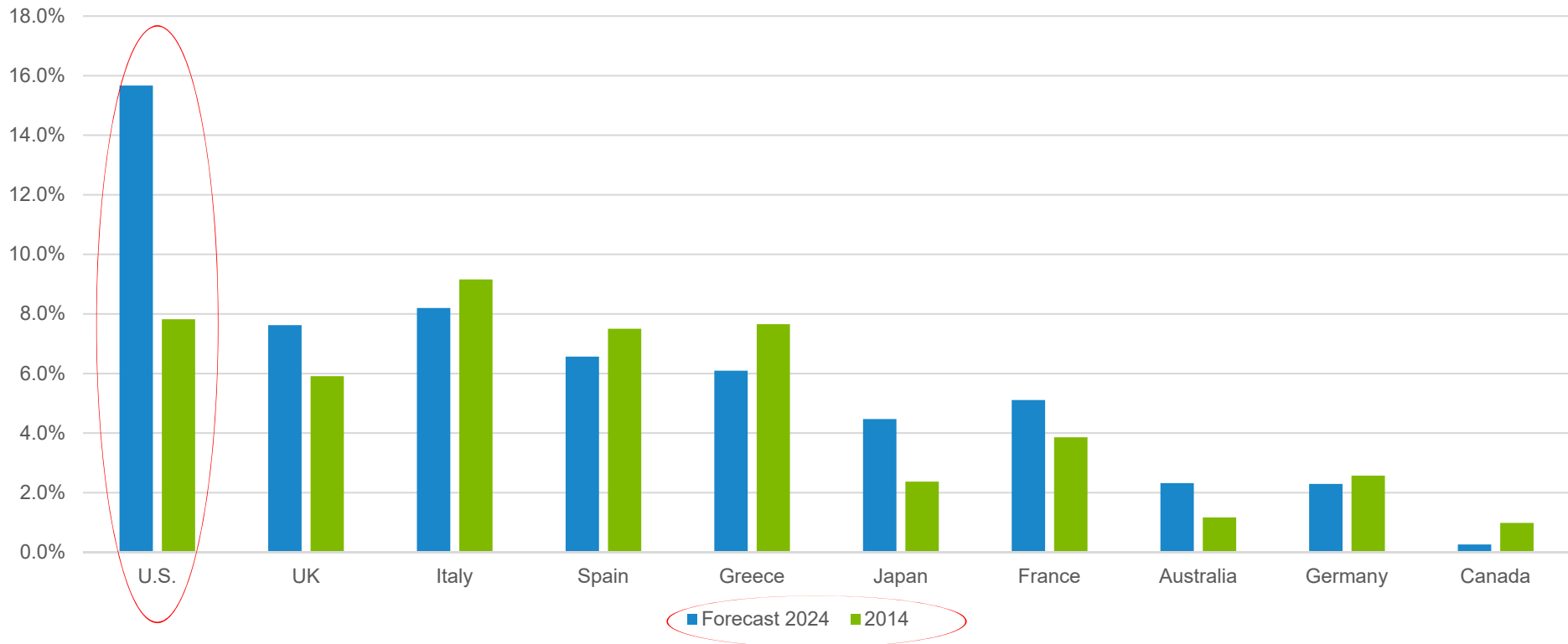
RISING COSTS OF DEBT HITS THE US

As of December 31, 2023

Rising debt levels and interest rates have put a significant burden on the US federal budget, more so than other large developed economies given our larger deficits and higher rates. This has the potential to crowd out other forms of government spending and could lead to a combination of increased taxes and austerity.

Net Interest Payment as a Percent of Government Receipts

2014 versus Forecasted for 2024



Source: Bloomberg, OECD, U.S. Government Publishing Office

Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information

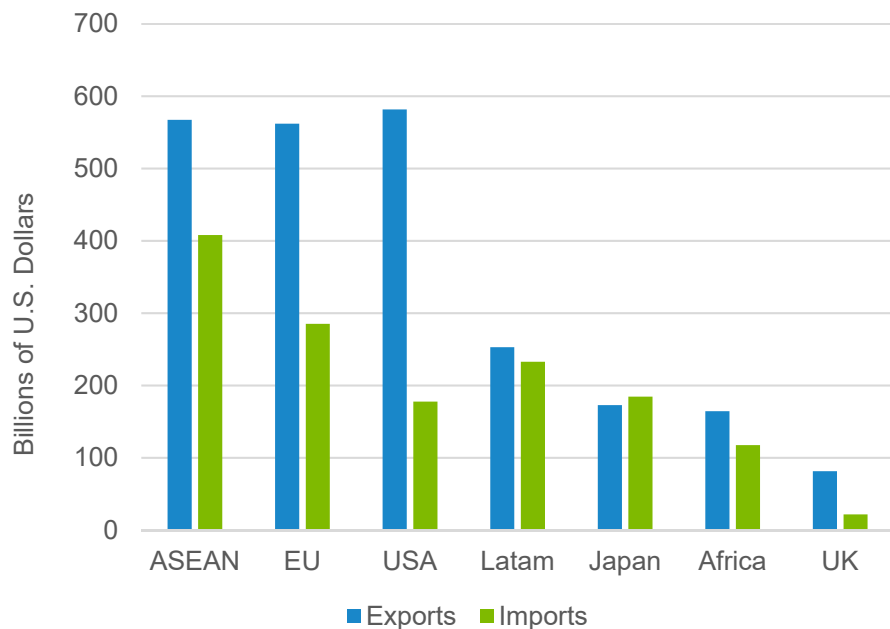
POLICY UNCERTAINTY, DEBT OVERHANG POSES CHALLENGES TO CHINA'S ECONOMY

As of December 31, 2023

China's economy faces several headwinds, including ongoing debt problems with its real estate sector and increasing uncertainty around free-market policies. A prolonged slowdown in China's economy could weigh on global economic growth. Policy uncertainty and rising geopolitical tensions have undermined business and investor confidence, pushing foreign direct investment into negative territory for the first time on record.

Given the size of China's trade relationships, its slowdown will impact growth and inflation around the world.

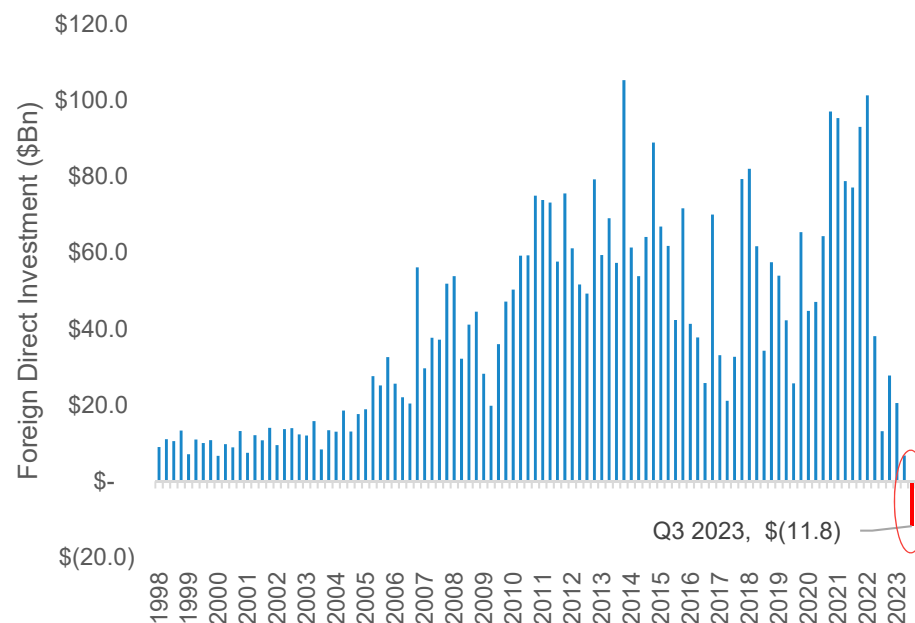
Value of China's Trading Relationships in 2022



Source: General Administration of Customs, People's Republic of China, as of 12/31/2022 and represents the most recent data available.

Geopolitical tensions and market policy uncertainty have pushed foreign direct investment into negative territory.

Foreign Direct Investments in China, 12/31/1998 – 9/30/2023

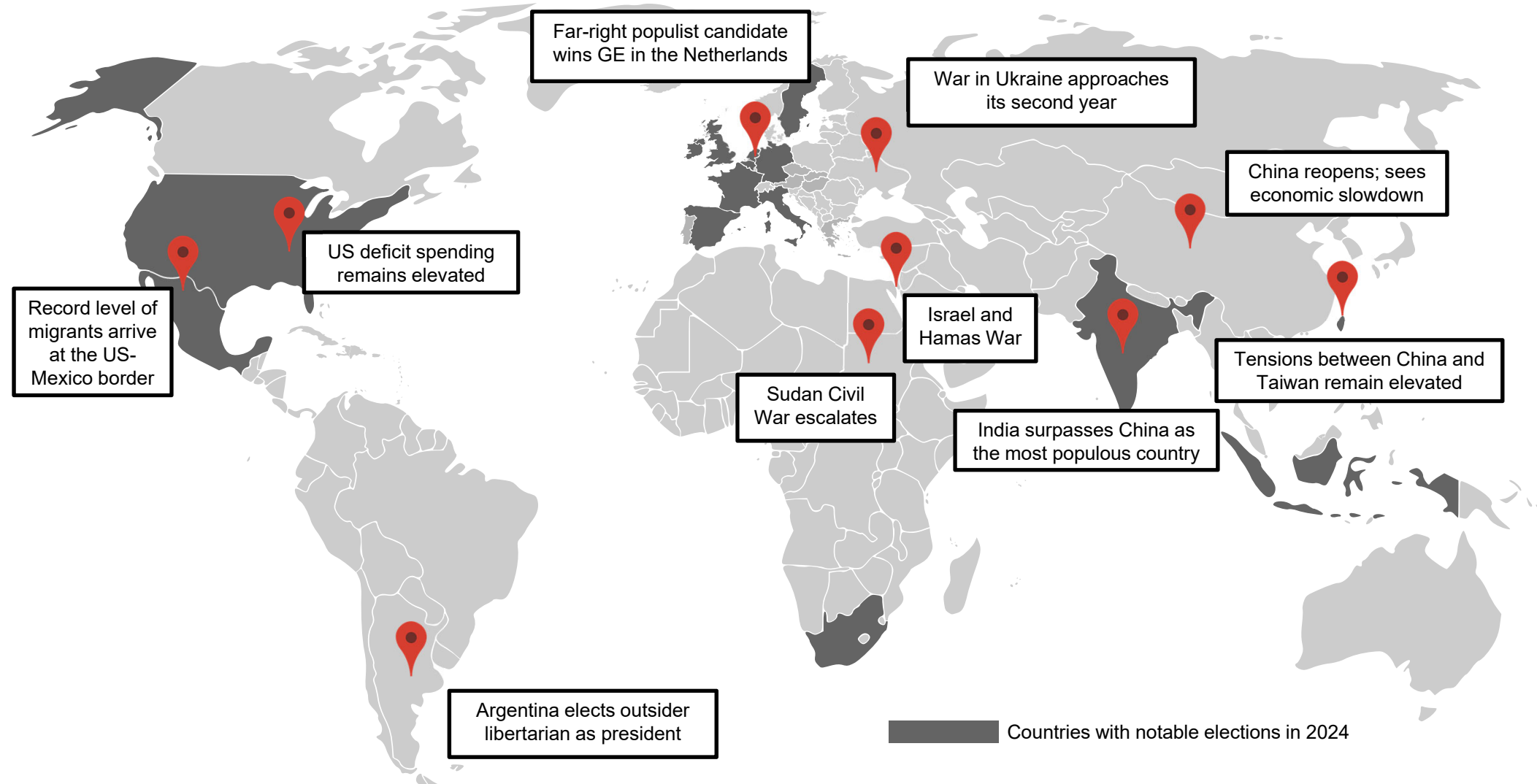


Source: Bloomberg, as of 9/30/23 and represents the most recent data available.

Source: World Bank, World Trade Summary 2021 and represents most recent data available. All commentary is as of 12/31/23 unless otherwise noted. Please see the end of this presentation for important information and a complete list of terms and definitions.

2024 TO SEE IMPORTANT ELECTIONS AS GEOPOLITICAL EVENTS DEVELOP

From wars to economic slowdowns to demographic shifts, 2023 marked a year of significant geopolitical activity. The full impact of these events on global markets is still yet to be seen, and as 2024 is set to be the largest global election cycle for another twenty years, new challenges will likely present themselves.



Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information

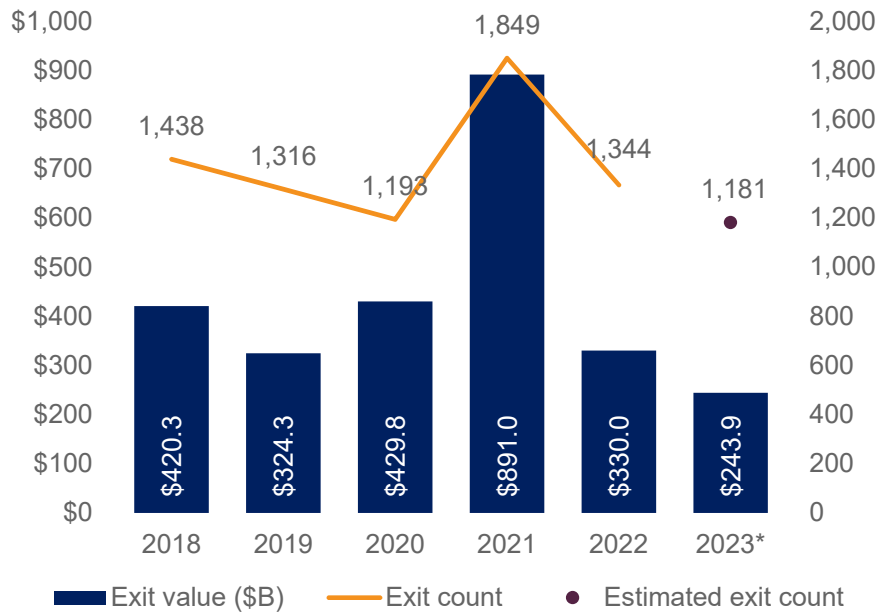
EXIT ACTIVITY IN PRIVATE MARKETS REMAINS MUTED

As of December 31, 2023

Exit activity, fundraising, and deal volume have fallen as rising interest rates and economic uncertainty have sapped demand and weighed on private market valuations. PE exit value in Q3 fell to the lowest quarterly level since the global financial crisis excluding the lockdown of Q2 2020 (and is now down ~84% from the Q2 2021 peak). However, a higher share of exit activity through corporate acquisitions could serve as a tailwind for Private Equity managers with a focus on adding operational value before sales to strategic buyers.

Amidst a challenging backdrop, PE exit activity is on pace for its lowest annual total since 2010.

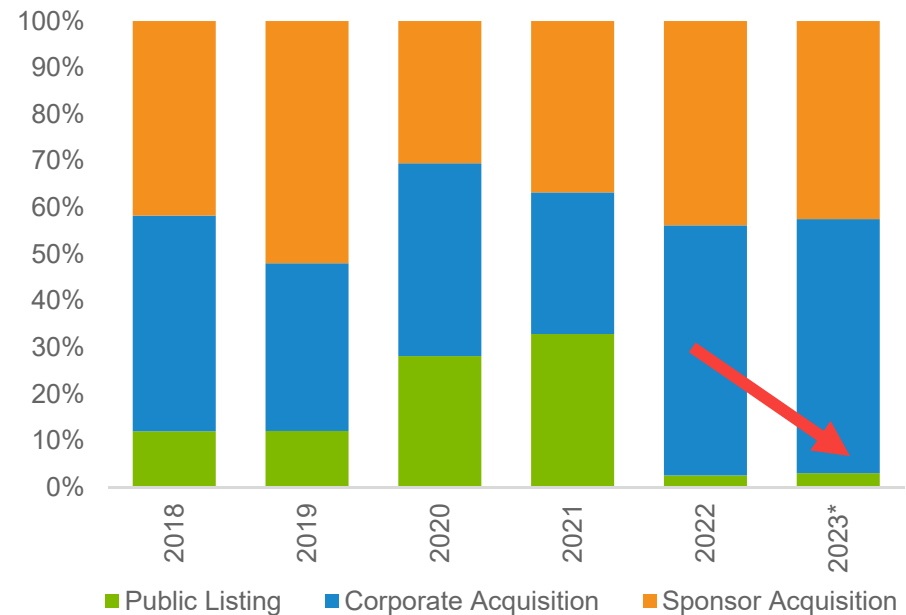
U.S. PE Exit Activity (\$B), 12/31/2018 – 9/30/2023*



Source: Pitchbook, *Latest data represent year-to-date activity as of 9/30/2023, reflecting 2023 run-rate estimates through 12/31/2023.

IPO activity has become anemic and now exit activity has become dominated by strategic corporate acquisitions.

PE Exit Value by Type (\$B), 12/31/2018 – 9/30/2023*



Source: Pitchbook, *Latest data represent year-to-date activity as of 9/30/2023 and represents the most recent data available.

THE CASE FOR DIVERSIFICATION

As of December 31, 2023

Calendar Year Index Returns (%)

Data through December 31, 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Trailing 10-Year Annualized
Best Performing ↑ ↓ Worst Performing	U.S. Small 38.8%	U.S. Large 13.7%	U.S. Large 1.4%	U.S. Small 21.3%	Em. Mkts. 37.3%	IG Bonds 0.0%	U.S. Large 31.5%	U.S. Small 19.9%	U.S. Large 28.7%	Commodities 16.1%	U.S. Large 26.3%	U.S. Large 12.0%
	U.S. Large 32.4%	IG Bonds 6.0%	IG Bonds 0.5%	U.S. Large 12.0%	Dev. Intl. 25.0%	U.S. Large -4.4%	U.S. Small 25.5%	U.S. Large 18.4%	Commodities 27.1%	IG Bonds -13.0%	Dev. Intl. 18.2%	U.S. Small 7.1%
	Dev. Intl. 22.8%	U.S. Small 4.9%	Dev. Intl. -0.8%	Commodities 11.8%	U.S. Large 21.8%	U.S. Small -11.0%	Dev. Intl. 22.0%	Em. Mkts. 18.3%	U.S. Small 14.8%	Dev. Intl. -14.5%	U.S. Small 16.9%	Dev. Intl. 4.3%
	IG Bonds -2.0%	Em. Mkts. -2.2%	U.S. Small -4.4%	Em. Mkts. 11.2%	U.S. Small 14.6%	Commodities -11.2%	Em. Mkts. 18.4%	Dev. Intl. 7.8%	Dev. Intl. 11.3%	U.S. Large -18.1%	Em. Mkts. 9.8%	Em. Mkts. 2.7%
	Em. Mkts. -2.6%	Dev. Intl. -4.9%	Em. Mkts. -14.9%	IG Bonds 2.6%	IG Bonds 3.5%	Dev. Intl. -13.8%	IG Bonds 8.7%	IG Bonds 7.5%	IG Bonds -1.5%	Em. Mkts. -20.1%	IG Bonds 5.5%	IG Bonds 1.8%
	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Dev. Intl. 1.0%	Commodities 1.7%	Em. Mkts. -14.6%	Commodities 7.7%	Commodities -3.1%	Em. Mkts. -2.5%	U.S. Small -20.5%	Commodities -7.9%	Commodities -1.1%

CURRENT POSITIONING BY MAJOR ASSET CLASS

As of December 31, 2023

We remain cautiously positioned due to heightened uncertainty and markets pricing in a benign outcome. We are emphasizing balance, diversification and liquidity to ensure that portfolios can take advantage of volatility.

Asset Class	Decision	Rationale
Public Equities	Within U.S. equities, emphasizing high-quality companies with strong pricing power in areas of the market with lower valuations	Given heightened macroeconomic uncertainty and tighter financial conditions, we maintain our allocations in high-quality companies that we believe can navigate elevated volatility and generate meaningful cash flow to weather the storm.
	Maintain allocations in global infrastructure-related companies and U.S. small-caps	Infrastructure companies may continue to perform well in a higher-inflation environment given the real-asset-backed nature of their businesses. U.S. small-cap companies continue to trade at lower valuations and high-quality companies within small-cap appear particularly attractive.
Fixed Income	Adding to duration within fixed income	We are getting more comfortable adding to duration, particularly as inflation moderates and risk of an economic slowdown remains elevated given higher interest rates. However, markets expect dovish monetary policy in 2024.
	Leaning into select opportunities within credit markets	Relative to equities, we are seeing interesting risk-adjusted return opportunities to lean into credit, particularly as banks pull back from lending.
Private Investments*	Continuing allocations to traditional private asset classes	Higher funding costs and a pullback in capital markets will continue to weigh on private market activity, but this will also create opportunities. We still see long-term value in allocating to skilled managers across buyout, venture and growth.
Hedge Funds*	Looking for opportunities to find diversifying strategies with idiosyncratic return streams	Given the coordinated impact of higher rates and inflation on both stocks and bonds, we believe that hedged strategies that offer differentiated return streams can help add returns and diversification.

Source: Brown Advisory Analysis. *Alternative investments may be available for qualified purchasers and accredited investors only. Note: All commentary is as of 12/31/2023 unless otherwise noted. Please see the end of this presentation for important information and a complete list of terms and definitions.



Getting back to target weight and increasing duration in fixed income

- **Reallocating into core fixed income:** We had been underweight core fixed income prior to 2023 and are moving toward target. We've reduced fixed income "replacements" to rebalance into core fixed income.
- **Increased duration:** We were increasing duration as the 10-year treasury yield approached 5%. While yields have come down, they remain above where they were over most of the last 15 years.



Opportunities beyond U.S. large-cap equities

- **U.S. SMID-Cap Focus:** We remain overweight quality mid- and small-cap equities due to attractive valuations. An emphasis on cash flow and resilient balance sheets should help us navigate a volatile macroeconomic environment.
- **Non-U.S. Equities:** We have identified companies in Europe and Asia who are global leaders in their respective industries yet are trading at relatively attractive valuations versus their U.S. counterparts.



Balancing risk-adjusted return opportunities across portfolios

- **Allocating more to credit:** A common theme throughout 2023 has been finding equity-like returns with lower risk across public and private markets, including direct lending, select real estate debt and securitized credit.
- **Balance within equities:** We continue to be balanced between growth and value equities given the widening valuation spread between the two equity styles. We still see value in infrastructure assets that have cashflows contractually linked to inflation rates.

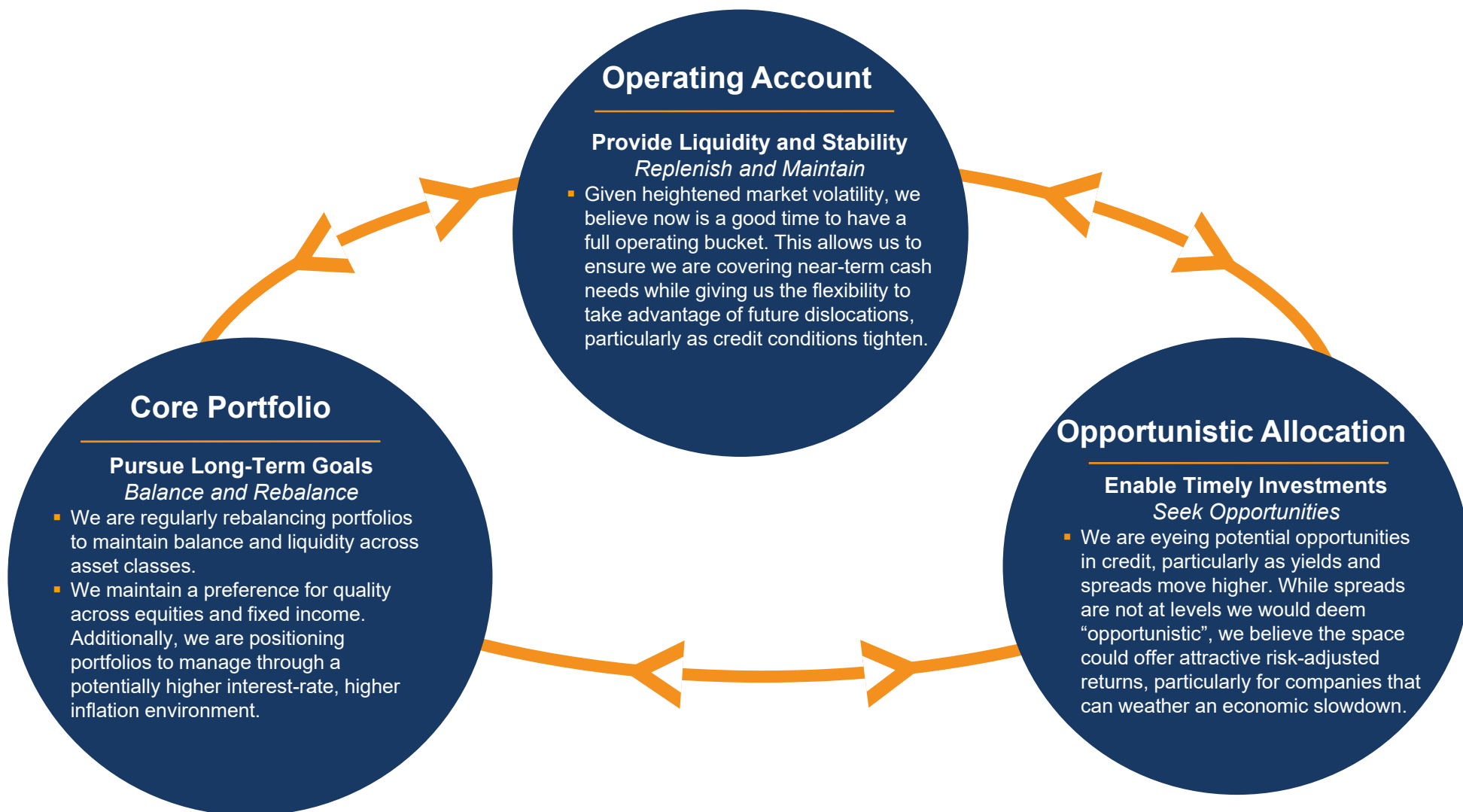


Looking for value and future opportunities

- **Innovation:** Long-term investment themes where we continue to look for opportunities include energy transition, biotechnology and generative A.I. We have partnered with managers who have unique expertise in these long-term investment themes.
- **Alternatives*:** We expect valuations will continue to reset across private equity and venture capital, but we remain committed and see notable long-term value. Opportunities remain in diversifying hedged strategies with idiosyncratic return streams that are uncorrelated to both stocks and bonds.

The Three-Bucket Approach

Brown Advisory adheres to a “three-bucket” approach to portfolio construction. In practice, all three buckets may be part of the same portfolio, but we believe that it is useful to separate them conceptually. The diagram below illustrates how the three-bucket approach helps ensure adequate liquidity and manage risks, particularly during periods of elevated uncertainty.



DISCLOSURES

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance, and you may not get back the amount invested. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only and is not individually tailored for or directed to any particular client or prospective client.

Past performance is not indicative of future results. Definitions of indices used are below. An investor cannot invest directly into an index.

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The **Russell 2000® Index** is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 2000® Growth Index** measures the performance of the small-cap growth segment of the US equity universe. The **Russell 2000® Value Index** measures the performance of the small-cap value segment of the U.S. equity universe. The **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. The **Russell 1000® Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. The **Russell 3000® Index** is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market. The Russell 3000 Index is comprised of stocks within the Russell 1000 and the Russell 2000 Indices. The index was developed with a base value of 140.00 as of December 31, 1986. The Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell ® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

The **MSCI ACWI Index** captures large and mid-cap representation across Developed Markets (DM) and Emerging Markets (EM) countries. The Index covers approximately 85% of the global investable equity opportunity set. MSCI Indexes and products are trademarks and service marks of MSCI or its subsidiaries. The MSCI ACWI captures large and mid-cap representation across Developed Markets (DM) and Emerging Markets (EM) countries. The index covers approximately 85% of the global investable equity opportunity set. The **MSCI ACWI ex U.S. Index** captures large and mid-cap representation across Developed Markets (DM) countries, excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI EAFE Net Total Return Index** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. Excluding the U.S. and Canada, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI EAFE Equal Weight Net Total Return Index (USD)** is an alternative to market capitalization-weighted indices. Each security is weighted equally at each quarterly rebalance. Weights may fluctuate between rebalancing based on the performance of each security. The **MSCI Emerging Markets Index** captures large and mid-cap representation across Emerging Markets (EM) countries. The Index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Emerging Markets Equal Country Weighted Index (USD)** captures large and mid-cap representation across 24 countries. The index represents an alternative weighting scheme to its market-cap weighted parent index, the MSCI Emerging Markets Index. The Index includes the same constituents as its parent index but applies an equal country weighting at each semi-annual index review date. The **MSCI Emerging Markets ex Asia Index** captures large and mid cap representation across 15 Emerging Markets (EM) countries. With 248 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country excluding Asia. The **MSCI Europe Index** is a stock market index that measures the performance of large and mid-cap companies across developed countries in Europe. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. The **MSCI AC Asia ex Japan Index** captures large and mid-cap representation across two of three Developed Markets (DM) countries* (excluding Japan) and eight Emerging Markets (EM) countries* in Asia. *DM countries include: Hong Kong and Singapore. EM countries include: China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand. MSCI and other MSCI brands are trademarks, service marks or registered trademarks of MSCI Group.

The **S&P 500® Index** represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include market capitalization, financial viability, liquidity, public float, sector representation and corporate structure. An index constituent must also be considered a U.S. company. The **S&P 500 Total Return Index** is calculated based on price changes and reinvested dividends of the S&P 500 Index. The **S&P 500 Equal Weighted Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight – or 0.2% of the index total at each quarterly rebalance. These trademarks have been licensed to S&P Dow Jones Indices LLC. S&P, Dow Jones Indices LLC, Dow Jones, S&P and their respective affiliates (collectively "S&P Dow Jones Indices") do not sponsor, endorse, sell, or promote any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices does not have the necessary licenses. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties.

DISCLOSURES

Continued

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged, market-value weighted index composed of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed, and mortgage-backed securities between one and 10 years. The **Bloomberg Municipal Bond 1-10 Year Blend Index** is a market value-weighted index which covers the short and intermediate components of the Bloomberg Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The 1-10 Year Municipal Blend index tracks tax-exempt municipal General Obligation, Revenue, Insured, and Prerefunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from one up to (but not including) 12 years. The index includes reinvestment of income. The **Bloomberg US Mortgage Backed Securities (MBS) Index** tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. (Future Ticker: I00095US). The **Bloomberg US CMBS Investment Grade Index** measures the investment-grade market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn. The index includes both US Aggregate Index eligible (ERISA eligible) and non-US Aggregate eligible (non-ERISA eligible) securities. (Future Ticker: I00951US). The **Bloomberg US Agg ABS Total Return Value Unhedged USD Index** measures the investment-grade market of asset-backed deals with a minimum deal size of \$300mn. The index features US Aggregate eligible (ERISA eligible) securities. The **Bloomberg U.S. Corporate High Yield Index** measures the market of U.S.D-denominated, noninvestment grade, fixed rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. The **Bloomberg Commodity Index Total Return (BCOMTR) Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. The BCOM is composed of commodities exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). The **Bloomberg US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers. The **Bloomberg US Treasury: 7-10 Year Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 7-9.9999 years to maturity. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting. (Future Ticker: I00058US). The **Bloomberg U.S. Municipal Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds. (Future Ticker: I00730US)

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ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. In order to qualify for inclusion, securities must be auctioned on or before the third business day before the last business day of the month and settle before the following calendar month end. Inception date: December 31, 1977.

ICE® IS A REGISTERED TRADEMARK OF ICE DATA OR ITS AFFILIATES, AND BOFA® IS A REGISTERED TRADEMARK OF BANK OF AMERICA CORPORATION.

The **PMI** – PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

The **Conference Board Leading Economic Index® (LEI)** for the U.S.: The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component. The CEI is highly correlated with real GDP. The LEI is a predictive variable that anticipates (or "leads") turning points in the business cycle by around 7 months. Shaded areas denote recession periods or economic contractions. The Conference Board® and the Conference Board Leading Economic Index® (LEI) are trademarks and service marks of the Conference Board, or its subsidiaries.

PBOC Banker's Survey or Overall loan demand Index is a diffusion index reflecting bankers' judgement in overall loan demand. This index is derived by calculating the proportions of bankers who considered their bank's loan demand in the current quarter "increased" and "stayed unchanged basically", assigning the weights of 1 and 0.5 respectively, and adding the multiplication results together.

Sectors are based on the Global Industry Classification Standard (GICS) sector classification system. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)", "GICS" and "GICS Direct" are service marks of Standard & Poor's and MSCI. "GICS" is a trademark of MSCI and Standard & Poor's.

Alternative Investments may be available for Qualified Purchasers and Accredited Investors only. Private equity investments will be characterized by a high degree of risk, volatility and illiquidity due, among other things, to the nature of the investments.

DISCLOSURES

Continued

Terms and Definitions:

Price-to-Earnings Ratio or P/E Ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Forward Price-to-Earnings or Forward P/E is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

Duration is a time measure of a bond's interest-rate sensitivity, based on the average of the time periods over which a bond's cash flows accrue to the bondholder.

Total return is the actual rate of return of an investment or a pool of investments over a period. Total return includes interest, capital gains, dividends, and realized distributions. Total return is expressed as a percentage of the amount invested.

Yield to Worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst uses the Treasury securities yield for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond.

Earnings per Share (EPS) is a company's net profit divided by the number of common shares it has outstanding.

Headline PCE is a deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100. **Core PCE** excludes food and energy prices from the deflator calculation.

Earnings yield is calculated as the inverse of an index's price-to-earnings ratio. In other words, it is calculated as the expected earnings of the index divided by the index's current price.

Free cash flow yield is calculated as the inverse of an index's price-to-free cash flow ratio. In other words, it is calculated as the expected free cash flow of the index divided by the index's current price.

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures and changes to net working capital.

Magnificent 7 is a term to describe the following seven mega-cap companies found in the S&P 500 - Apple, Microsoft, Alphabet, Amazon, Meta, Nvidia and Tesla.